Exhibit 6

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE SOUTHERN DISTRICT OF TEXAS

HOUSTON DIVISION

IN RE:	§	CASE NO. 20-33948-11
	§	JOINTLY ADMINISTERED
FIELDWOOD ENERGY, LLC,	§	HOUSTON, TEXAS
ET AL,	§	WEDNESDAY,
	§	JUNE 23, 2021
DEBTORS.	§	9:57 A.M. TO 4:53 P.M.

CONFIRMATION HEARING DAY THREE --
CLOSING ARGUMENTS (VIA ZOOM)

BEFORE THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES: SEE NEXT PAGE

COURTROOM DEPUTY: TYLER LAWS

(Recorded via CourtSpeak; No log notes)

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(Please also see Electronic Appearances.)

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HOUSTON, TEXAS; WEDNESDAY, JUNE 23, 2021; 9:57 A.M.

THE COURT: Now we're going to go to closing arguments in the Fieldwood case. It's my understanding from my case manager is there may be a request to continue this morning's hearing. I don't really -- I didn't understand it in terms of why that was being requested. Perfectly happy to listen to that, but I wanted to do it on the Record at 9:45. So let me ask Mr. Genender to tell me what's going on. Go ahead, please.

MR. GENENDER: Your Honor, Paul Genender. I'm actually -- was going to give you a courtesy reminder or notice on the *Speedcast* matter with Mr. Dockerman's permission, a hearing we have tomorrow at 4:00. You had asked us to submit stipulated facts by 9:00 o'clock this morning. Mr. Dockerman and I were working late last night on them. He's in a hearing in Delaware. We're finalizing them, but I wanted -- he -- with his permission, I wanted to let you know that we will get them to you shortly. But obviously hasn't happened by 9:00 o'clock this morning.

THE COURT: Thank you. I appreciate that notice.

Mr. Perez.

MR. GENENDER: Very welcome.

MR. PEREZ: Your Honor, Alfredo Perez. Your Honor, I apologize. This is a little bit my fault. I missed an email where one of the parties indicated that they

were unavailable from 10:00 to 11:00. And that's when I realized that last night, we -- that's when Mr. Carlson sent the email. But one of the key parties was unavailable at that -- at this time. And, you know, I apologize, it was my fault for missing that email.

THE COURT: So this is somebody that needs to be here to hear your closing so they can respond to it; is that the issue?

MR. PEREZ: No. It's Mr. Schaible. He will, you know, kind of be the second person up.

THE COURT: Got it. We're going to work from 11:00 to 12:00. We're going to return at 3:15 and we'll stay until we're finished with closing arguments. Sorry about if there's any confusion on my part, but Mr. Schaible is a key player in the case. I'm going to let him be here --

MR. PEREZ: Yeah.

THE COURT: -- throughout. So we'll adjourn --

MR. PEREZ: Again, Your Honor, this is my fault. I just missed an email. So I apologize to the Court and to all the parties.

THE COURT: Yeah. It's fine with me. But we'll adjourn until 11:00 o'clock this morning and we'll start sharply at 11:00. Thank you.

(Recess taken from 10:00 a.m. to 10:59 a.m.)

AFTER RECESS

THE COURT: All right. We're going to return to the Fieldwood Confirmation Hearing. As I had indicated yesterday, we're going to start with closing arguments by the Debtor and then we'll move to closing arguments by any other proponent. We will then move to closing arguments by any opponent. And then we're going to allow a rebuttal by the Debtor only.

So whoever is going to take the lead for the Debtor, if you'll press five star one time on your phone, also let me know who you want to have the presenter role.

Mr. Perez, good morning.

MR. PEREZ: Good morning, Your Honor, Alfredo Perez on behalf of the Debtors. Your Honor, if you could give the presenter role to Ms. Choi?

THE COURT: All right. Ms. Choi has the screen.

MR. PEREZ: Thank you, Your Honor.

THE COURT: Hold on one second, please. I was handed a note that I'm supposed to turn on my cam.

MR. PEREZ: That -- it's okay by me, Your Honor.

THE COURT: All right. Let's move ahead.

MR. PEREZ: Thank you, Your Honor. Again, Your Honor, Alfredo Perez on behalf of the Debtors.

CLOSING ARGUMENTS ON BEHALF OF DEBTORS

BY MR. PEREZ: We want to first thank you for

accommodating the short pause this morning. And again I apologize to everyone for having missed that.

Your Honor, I think we're here, you know, after a very, very seems like very long and unfortunately somewhat contentious case that I think has come to a point where I think that the evidence and the actions taken by the Debtors and the other parties that are really key, key to this kind of mosaic put together to address some very significant business and other related issues that I would think that the evidence overwhelmingly establishes that the Plan should be confirmed. If you turn to the next slide, please?

Your Honor, I described this as a mosaic because I think the evidence is uncontroverted that each of these participants really contributed to the Plan. And without any of these participants, it's like the stool would have lost one of its legs and we wouldn't have been able to be in the position where we are today.

As the evidence indicated, you know, back in March of last year, Fieldwood started experiencing problems. And obviously the Court is well aware of what was going on in the energy business at that time. And it reached out to its first lien term loan lenders represented by Davis, Polk and began, you know, the process. And it was key -- and as Mr. Dane testified, it was key for this business to survive to get additional capital. It needed that capital.

It wouldn't have been able to survive, it wouldn't have been able to accomplish what it's seeking to accomplish pursuant to the Plan without that additional capital. And I think the lenders were very clear that in Order to do that, we needed to address all of the various legacy issues that were addressed.

So, Your Honor, in terms of we wouldn't be here but for the sale, but for the significant cash that the lenders are contributing, but for the first lien first out lenders agreeing to roll over their debt, but for the second lien lenders agreeing to compromise, and most importantly but for, you know, the very significant contribution that the first lien term lenders are making in providing up to $105 million of cash so that we can exit, by agreeing to assume all the working capital obligations, by doing all of the things that they're doing in order to make this work. So but for those participants, we wouldn't be here, this Plan would not be confirmable.

Second, Your Honor, again, we wouldn't be here but for the Apache, you know, agreeing to assume responsibilities and as of last night -- and, Your Honor, we filed at Docket Number 1700 the term sheet with the Apache sureties. That single transaction addresses almost, you know, two-thirds of all of our decommissioning obligations. And that was a key centerpiece to the Plan. And, again, but

for having done this, we wouldn't have been able -- we would not have been able to be here where we are today.

USCCI, Your Honor, they provided -- they're the only surety that's provided bonding on a go forward basis. We have a term sheet. Credit bid purchaser needs that in order to operate to be able to go forward. Again, but for that we wouldn't have been able to be here.

You know, the Unsecured Creditors Committee obviously were key. We signed 165 trade credit agreements compromising over $145 million of claims. And in addition, but for the support of our vendors, again we wouldn't be here. If all of our vendors -- if we didn't have the vendor support that we had during the case and the vendor support that we're going to have -- that Credit Bid Purchaser is going to have after the case, this wouldn't have been feasible credit -- a Credit Bid Purchaser wouldn't have been able to raise the money that they did.

Your Honor, next I want to talk about the predecessors that we have consensual agreements with. And, Your Honor, if you will recall, at one of the hearings it was very clear that, you know, that we came in with approximately 80 percent or a little bit under 80 percent of our liabilities, of our asset retirement liabilities resolved. And it was very clear from what the Government was saying and some comments from the Court that, you know,

we needed to make the Government comfortable, number one, and we needed to try to resolve as many of these consensual obligations as possible. So, Your Honor, we think that again but for the consensual arrangements that we have with Chevron, Eni, and Hunt which resolve, which get us into that 90, 91 percent, that we wouldn't be here with a Plan that the Government doesn't object to.

And, Your Honor, and they've kind of paid the price already for having done that. They've already paid the price by being sued by one of the insurers that -- on a non-confirmed Plan. They're already saying that they've been discharged on their bonds. So, you know, but for this arrangement, we wouldn't be able to do -- we wouldn't be able to confirm a Plan. And they've already paid the price, Your Honor. You know, this is an integral part of our Plan, it is integral to the success of the Plan, it is integral to the Government's non-objection to our Plan. And but for having these consensual agreements, we wouldn't be able to confirm this Plan.

And then finally, Your Honor, with respect to the Government, obviously as testified by Mr. Dane, we've had extensive, productive discussions with the Government and, you know, there have been, and as the Court recalls, you know, at the disclosure statement hearing, they totally reserved their rights. And I think as a result of the steps

that we have taken since that time, that the Government is in a position where they're not objecting to the Plan. And in particular, Your Honor, the key aspects of what the agreements that the proposal that we have made that have satisfied the Government, that we meet our *Midlantic* standards, are embodied in Section 5.13 of the Plan. And that is at Document 1697, and pages 216 of 218, as well as paragraphs 141 to 144 of the proposed Confirmation Order. Again, but for the Government's, you know, non-objection to the Plan and having worked with us extensively to make sure that they were satisfied that we didn't violate the *Midlantic* standards, again we wouldn't be here. We would be facing a different Plan confirmation.

So, Your Honor, I'm going to come back to each one of these. But, again, the key, key view in my mind is that any one of these -- if we knocked out any one of these, Your Honor, we wouldn't be able to -- for this Plan to be successful, we wouldn't be able to confirm this Plan. I think that they're all integrally tied together. And if you knock one out, I think you knock out the whole thing. So, Your Honor, let me go next to the next slide, please.

And, again, just to -- and this is the slide that we've probably shown at every hearing, that nine percent is primarily composed of three individual predecessors. And I'll get to that next time. But in essence, we have

resolved all but nine percent of our liability. If you go to the next slide.

And, Your Honor, I had this in the -- in our opening, and this kind of -- and I'll go through each one of these transactions, but I think the evidence, you know, overwhelmingly establishes that we will be able to address the asset retirement obligations, that we will be able to accomplish the goals of the Plan.

And, Your Honor, basically what we have left, if you go to the very far right at the bottom in the abandoned properties, we have the remaining predecessors, and those are principally, you know, three large, multinational energy companies with a combined -- with a market cap of 93 billion, 28 billion, and 272 billion combined that are the ones that are objecting to the Plan for having to respond to joint and several liability that they had before Fieldwood was ever Fieldwood, Your Honor. This is not a situation where this liability is something that is new to them. They've had this liability. They are jointly and severally liable. That's what happens when you operate in the Gulf. And those are in essence the three main predecessor objectors to the Plan. Next slide, please.

Your Honor, I'm going to only focus on the areas that I thought were contested in terms of the Evidentiary Record. I think many of the other items are probably more

legal argument. And I neglected to say, Your Honor, that I'm going to address the evidence, Ms. Liou is going to address the legal issues, and Mr. Carlson will address any questions with respect to the Order. And I think on a couple of things Ms. Choi will address them. But I'm going to focus -- I'm focusing on the evidence.

So, Your Honor, again, I think the evidence overwhelmingly demonstrates that we've complied with 1129 and that the Plan should be confirmed. I'm only going to really focus on a couple of three prongs of 1129 which there was actually evidence or, you know, there was something with respect to whether we had met our evidentiary burden.

And I think the first one, Your Honor, is whether we satisfied the adequate assurances provision of 365. And, again, I think there -- and I'll get to it when I get to credit bid NewCo, but I think again the uncontroverted testimony from Mr. Dane is that there will be sufficient resources in order to satisfy, and that there's really no question that as it relates to the contracts that will be assumed, that those -- that that Credit Bid Purchaser will be able to perform.

Second, Your Honor, I think that there was allegations that the Plan was not proposed in good faith. I frankly think that, you know, the definition of good faith is does the Plan address what it's intended to address.

Here, the Plan very clearly intended to address the ARO, intended to create a sustainable entity, intended to preserve the jobs. And all of the things that it was intended to do, I think the Plan addresses. And I think that meets the good faith standard.

Your Honor, there has also been questions about 1129(a)(11). And, Your Honor, I'll address that in the context of all of the various entities. But, Your Honor, again, I think that we provide a means to address all of the various objectives of the Plan, and that to that extent I think the Plan complies with 1129(a)(11).

Finally, Your Honor, there were seven other secured creditors that were -- that objected, and so we would have to cram them down. And, again, I think the uncontroverted testimony from Mr. Green was that we would be able to do that based on the estimate of their claims and the reserves that we had set up. So again I think the Evidentiary Record is that we would be able to meet the cramdown. So if you turn to the next page, please.

So with respect to an asset sale, Your Honor, which is what we're doing with credit purchaser -- and let me just digress here for a minute because -- and I believe Ms. Liou is going to really address this. But, you know, the premise and the fundamental aspect of this Plan is that Credit Bid Purchaser is willing to provide $105 million of

cash, is willing to assume all the working capital liability, is willing to provide the credit support for the various activities, is willing to do all of the things that it's willing to do so that we can make, you know, Fieldwood Three successful, so that Fieldwood Four can implement, if in fact they get the assets free and clear of liens, claims, and encumbrances. And that's the fundamental premise. And that is an aspect of this that is kind of at the heart of what I think, you know, disputed. It's the -- it's what does it mean to have an asset sale free and clear of liens versus, you know, what are the other potential obligations and what, in essence, is right and that's really the heart of the issue here.

But clearly in terms of the intended purchase, can Credit Bid Purchaser close this transaction? And I think the evidence is overwhelmingly yes. You know, we looked at the sources and uses with Mr. Dane yesterday. There was at the -- even at the high end and at an average cash, not at the high cash, we were -- at the high end of expenses and at an average cash, not the high cash, this -- we were comfortably able to make all of the Plan payments that were needed at exit, as well as the reserves. So there's no question but that they can accomplish this. If you turn to the next slide.

You know, we actually don't think that 1129(a)(11)

applies to the Credit Bid Purchaser on the other side. Nevertheless, Your Honor, I think the uncontroverted evidence is that even in the scenario, I mean, where they don't drill, Mr. Dane testified that that was one of the most attractive cash positions. The Credit Bid Purchaser is going to generate cash. They're -- it -- they're going to, you know, this company is going to, you know, be valued at in excess of a billion dollars. And it will be a standalone independent oil and gas company. So you turn to the next page.

And, again, we don't think this is applicable. But if you turn to the -- they're going to be well-capitalized. They're only going to have about 300 million of funded debt. They're going to have a -- they're going to raise 40 million in equity, which is quite astounding. They're going to have at least -- up to 120 million on the balance sheet but at least a hundred million on the balance sheet.

They're going to have significant cashflow and -- in the hundreds of millions. That's what exhibit page eight of nine shows as it related to them. And as Mr. Dane testified, if you stop the drilling, that they would also have, you know, significant cashflow and that that was a very attractive -- that was also very attractive, you know, business Plan and depending on what the owners decided to

do.

In addition, Your Honor, it has the bonding capability to go forward on an ongoing basis to the extent that, you know, people were alleging that somehow that was a bar.

But, Your Honor, in addition to the significant, and I mean significant, support the Credit Bid Purchaser is providing in order for us -- in order for Fieldwood to emerge from bankruptcy, to confirm this Plan, including the cash, the assumption of the working capital, the other agreements with Fieldwood Three and Fieldwood Four, I think, Your Honor, that this company on a standalone basis, even if we had to meet that test, there's no question based on the evidence that it complies.

Let me then turn to Fieldwood One. And fortunately, Your Honor, I'm not going to dwell on Fieldwood One. But the issue here, and I think we've largely resolved that as a result of the agreement with Apache and with the Apache sureties, but the purpose of Fieldwood One, as testified to by Mr. Graham, is to decommission, maximize cashflow, and then wind this company down. It's going to be done over a period of time. And at least in a -- Mr. Graham, you know, has indicated that the way his contract works, has to stay here for five years in order to accomplish the goals of that contract. And so we're really

talking about a situation where I think now largely uncontested we think that Fieldwood One would be, you know, accomplishes the goals that it's intended to accomplish.

Then let's turn to Fieldwood Four. And Fieldwood Four again is to wind down the legacy Chevron properties, CUSA properties primarily, and many of the Noble properties. And, again, they -- we're -- that is being done pursuant to a fixed -- a turnkey contract with Credit Bid Purchaser that Mr. Dane testified to. And here we have a situation where we have one of the most sophisticated energy companies that has -- that currently has joint and several liability that will be paying the amounts in a situation where there are significant conditions that would adjust the turnkey price, depending on factors beyond everyone's control. So if you turn to the next page.

The Credit Bid Purchaser will decommission the legacy CUSA property pursuant to that turnkey agreement. And the -- in essence, protects that exit. Money will come from Credit Bid Purchaser to fund the 15 -- the five million in cash contribution. And then in addition, there'll be another 14 million that at one time had been scheduled to go into Fieldwood Three that now is going into Fieldwood Four to plug and abandon certain assets in which Chevron had been a predecessor in interest. So I think that the evidence obviously in my mind overwhelmingly demonstrates that

Fieldwood Four with all those factors will be able to accomplish what it's intended to accomplish.

Then additionally, Your Honor, if you turn the page, we have the other existing consensual deals with Eni and with Hunt, and these again we have turnkey agreements pursuant to which most of the Hunt work is being done currently simply, you know, because we had a current permit to actually do the work. And that will be done currently.

And then with respect to Eni, we have a agreement where they will fund up to $57 million, and the work will be done. And in each one of those, the money coming from Credit Bid Purchaser at exit will fund a contribution to the -- those amounts.

Finally, Your Honor, we get to -- if you go to the next page, we get to Fieldwood Three. And Fieldwood Three obviously is the balance of the bucket. But as a result of moving some of the assets from Fieldwood Three to Fieldwood Four, the remaining -- and I think the testimony was that the credit support was up to $12 million, including five million in cash at exit and an additional amount, an additional seven million amount, that would be provided from Credit Bid Purchaser. But I think Mr. Dane's testimony, again uncontroverted, was that the post-effective date liability was approximately $7 million, and that there were $4 million of bonds to accomplish this. So, again, you

know, these are assets that the -- that a -- that Fieldwood and the lenders in connection with, you know, the proposals made to the Government decided that they were going to offer to plug and abandon these assets in Fieldwood Three.

And then finally, Your Honor, if you go to the next slide, I'm going to turn to the abandoned properties because this is obviously as we sit today where most of the dissent exists. So, number one, and I'm sure we'll hear from Mr. Balasko, but the Government does not object to the Plan. The company has done significant work, made significant concessions, and has done, you know, a lot of discussion and made proposals to the Government in order to be in a position where the Government does not object. That's not where we found ourselves at the disclosure statement hearing. That's not in essence at the time when the Court directed us to address the Government's concerns. That's what we did and that's what we accomplished, Your Honor.

So one of the key aspects of the proposals that we've made to the Government which have resulted in their not objecting, first, Your Honor, is the transition services for the specified abandoned properties. And, again, at Docket Number 697 of the Plan, Sections 513 in Exhibit A, which have the -- in fact what the agreed activities are -- and, Your Honor, this includes the safeguarding of the day-

to-day operational monitoring, maintaining egress of pollution inspections, and to ensure, you know, proper response. And, yes, the exhibit and what was testified to is that Fieldwood, you know, is abandoning these properties. They are agreeing to undertake these transition services, they are agreeing to respond to the -- to, you know, certain events. But because these are abandoned properties, to the extent that the events are, in essence, in excess of what the Government and Fieldwood agreed to, those are not necessarily for our account and they're not at our cost. But it's not a situation we meet the *Midlantic* standards because there isn't going to be any slip between the lip and the cup. We are going to provide, to respond. And the responsible, you know, the party that the property's abandoned to will obviously be responsible for that.

Your Honor, in addition to the transition services which really, --

THE COURT: Yeah, --

MR. PEREZ: -- you know, the core of --

THE COURT: -- Mr. Perez, I'm not sure that's the *Midlantic* standard. And I just think the *Midlantic* standard is actually less than what you have described, not more than what you've described. But I want to be sure --

MR. PEREZ: I --

THE COURT: -- that parties are aware --

MR. PEREZ: Oh, I --

THE COURT: -- of what I think it is. The --

MR. PEREZ: Yes.

THE COURT: A Debtor --

MR. PEREZ: Yes.

THE COURT: -- under the Bankruptcy Code can abandon an environmentally troubled property and does not under the Bankruptcy Code then have a duty to provide the transition services or to respond at all or after is abandoned to provide any support.

However, the Supreme Court has held that the environmental concerns that both State and local Governments can have may preclude the Debtor from engaging in the abandonment. But if the abandonment is not precluded by the Government's concerns, then frankly I don't think that I am charged with assuring that post-abandonment that the response will be proper. That's Mr. Balasko's problem. Now, the fact that he has solved that with the deal with you is fine with me. But you're sort of saying that in order to meet *Midlantic*, that the Court needs to be assured of what the future environmental issues are.

I don't think that's what the Bankruptcy Code says. And I just want it clear the way that I'm going to be applying the law, unless somebody can persuade me that I am wrong about this. But I don't think it's the standard that

you're setting up. I don't think that the Government is going to agree to allow the abandonment unless they have a solution to these things. That's their decision. And I don't think under *Midlantic* I look behind their decision. So a little different than what you're describing. And I think it may matter in terms of where this deal goes.

MR. PEREZ: Thank you, Your Honor.

And we actually -- I think we agree that the *Midlantic* standard is, you know, imminent harm. And but I think what we're doing here is just to take this issue off the table, you know, we've entered into a nine-month Transition Services Agreement. And, remember, primarily for these three very substantial companies that have, you know, predecessor liability we've entered into this transition services to really take anything having to do with *Midlantic* off the table. It's not -- it -- I agree with you, Your Honor, that it goes way beyond *Midlantic*. To the extent that --

THE COURT: But I guess I'm telling --

MR. PEREZ: -- in my view we --

THE COURT: -- you and I'm telling others, I do not intend to review the Transition Services Agreement or the agreed activities to determine if I think it's feasible, if I think it works, if I think it's adequate. The Code allows abandonment. Abandonment can be precluded by

environmental regulators. But if it isn't, the environmental regulators may need to worry about that. And I don't -- the Court doesn't babysit them. You know, it's just a different story. I mean, you could even be in a potential situation, which I've been in in some other cases, where the Government actually will take over the cleanup and allow an abandonment in exchange for a huge amount of money going to solve the problem that they wouldn't otherwise have.

They just get to make a decision as to what's best for them. And it's like me looking behind somebody's vote to say, well, you know, I think that was kind of a foolish vote, they voted for the Plan, they could have held out for a better deal. You know, no. And I'm not looking if they're in support of the Plan. I'm looking at whether they're going to veto the Plan is what I'm looking at at the Government. If they choose not to veto the Plan on an environmental bases, then that's their choice and I am not going to be second-guessing the Government's decision. So I don't care -- the fact that you may want to try and persuade me of that is not going to help your case.

You may want it on appeal in case I'm wrong about that. But I'm not looking at the issue that you're describing. And I'm for better or for worse --

MR. PEREZ: Well, thank you -- okay, thank you,

Your Honor. Then I think we should have -- this slide should have stopped after the first bullet. The Government does not object to the Plan. Okay. I blame Mr. Carlson for the balance so --

THE COURT: Look, you're welcome to talk about it. I just -- I don't want others --

MR. PEREZ: No, no, no, I look --

THE COURT: -- believing that the standard that you're announcing is a standard that I think is one that I'm going to adopt. And I'm --

MR. PEREZ: I'm not suggesting at all that this is the standard you should adopt. All I'm saying, Your Honor, is that the Government doesn't object and here are the things that we have done to address their concerns. And that's the extent of my --

THE COURT: I thought you --

MR. PEREZ: -- remarks, Your Honor.

THE COURT: I thought you crossed the line from saying not only are these the things we've done to address their concerns but the things that you've done to address their concerns will work. And I'm not willing to cross the bridge into whether they'll work.

MR. PEREZ: Okay. Understood, Your Honor. So, Your Honor, I think in terms of the evidentiary support for meeting the requirements of 1129, Your Honor, I think that

I've gone through kind of the areas that were contested and the areas that I believe that the evidence overwhelmingly supports confirmation of the Plan large -- based largely on what appears to be an uncontested Record.

So with that, Your Honor, let me turn it over to Ms. Liou who will address the legal issues that have been raised. To the extent the Court has any evidentiary issues, obviously I'll be happy to address them at an appropriate time. But I think that in terms of meeting the evidentiary basis for meeting the 1129 standard on a substantially uncontested Record, we have done. And I've highlighted the areas where there was some concern or some, you know, allegation that we didn't meet the Evidentiary Record, Your Honor.

THE COURT: So if this is for Ms. Liou to do or for Mr. Carlson to do, that's fine. But who is going to handle the question of third-party versus third-party rights; is that by you, by Ms. Liou, by Mr. Carlson?

MR. PEREZ: Ms. Liou.

THE COURT: All right. Ms. Liou, if you would press five star one time on your phone, please? There we go. Thank you.

From 862-228-0079, is that you, Ms. Liou?

MS. LIOU: Yes, that is me. Apologies, give us one minute to work through some technical difficulties.

THE COURT: Of course.

MS. LIOU: Your Honor, I have to apologize. The vagaries of technology, we had a fancy setup here and I'm now talking through an iPhone.

Good morning, Your Honor. Jessica Liou from Weil Gotshal & Manges on behalf of the Fieldwood Debtors.

Notwithstanding the Record that we set on the first day of the hearing in terms of the number of opening arguments presented and the number of objections filed for our Plan, I think that after three days of hearings and many good faith discussions that the Debtors have had with the many parties in this case over the last several days, there really are only two main contested legal issues in this case. I think Mr. Perez has done a pretty good job of covering the first. And frankly there isn't much that I would add regarding the point about compliance with Section 1129(a)(11) of the Bankruptcy Code.

But I will comment on the fact that in connection with the sources and uses, the sources that we are talking about for the Debtors' restructuring are sources coming from fully committed, Court-approved, binding commitments or backstops associated with the $119 million of debt, proceeds funded through the first lien exit facility, and up to $185 million in proceeds funded through the second lien exit facility, and the $40 million of proceeds funded through the

equity rights offering that will be coming in the door and coming over to the Debtors as consideration of a part of the credit bid transaction to fund the Chapter 11 cases, pay creditors, and capitalize Credit Bid Purchaser for future success.

I'd like to cover the second issue which deals with the appropriateness and the scope of the releases, exculpations, and discharge under the Plan. As apparent from some of the opening statements and the objections filed, there remain I think a few conceptual misunderstandings about what the Plan does and is intended to do, which I'd like to clear up today. Although the Plan seeks to achieve an extraordinary result in terms of the sheer complexity and magnitude of the restructuring, its release, exculpation, and discharge provisions are fairly standard.

So what does the Plan actually provide for? It does provide for discharge of prepetition claims. It does not, as some have said or suggested, discharge post-petition claims or post-effective date obligations unless there is a specific agreement between relevant parties pursuant to a settlement. In section 2.1 of the Plan in particular, there's provision for administrative expense claims. And any ordinary course administrative expense claim that's incurred by the Debtor effectively gets satisfied in the

ordinary course post-effective date as well to the extent that it is not an obligation that's otherwise picked up by Credit Bid Purchaser. To the extent that it is an obligation that is assumed by Credit Bid Purchaser, as Mr. Perez has indicated and as Mr. Dane has testified, it's going to constitute the working capital that's assumed by Credit Bid Purchaser and fully paid for pursuant to, you know, the terms of the Credit Bid Purchase agreement and in the ordinary course.

The Plan does provide for clear voluntary third-party releases that have been broad notice. What it does not provide for are non-consensual releases of third parties. And I'll come back to that point in a little bit.

The third item, the Plan does provide for a process under which the Debtors may assume, assume and assign or assume and allocate executory contracts. But it does not, either through that process or any other provision, provide for a blanket impairment, modification, or alteration of the terms of any third-party agreement as between non-Debtor parties.

And as the evidence demonstrated, in particular the surety bonds, they will continue to exist and be outstanding. Any indemnification claim that arises against the Debtor as discussed, so those agreements will be treated in accordance with the terms of the Plan like any other

claim against the Debtors. And in fact, Your Honor, the Debtors have worked with multiple parties over the course of the last several days to include reservations of rights language in the proposed Confirmation Order that makes this abundantly clear.

Next, on the exculpation. As I will explain later in further detail, the Plan does provide for appropriately tailored exculpations for certain non-estate fiduciaries based upon the substantial contributions made by those parties integral to the success of this restructuring. It does not, again, provide for non-consensual releases to the third-party.

THE COURT: What are the exculpation, --

MS. LIOU: (Glitch in the audio) --

THE COURT: -- what does it mean -- and maybe you're going to show me this and, if so, that's fine -- the exculpation provisions that exculpate obligations under prepetition agreements by third parties; how does that work?

MS. LIOU: Which prepetition agreements by third parties, Your Honor, are in particular?

THE COURT: Well, you have the -- there's a definition that then got carried forward into the exculpation provision and it defines as some of what is exculpated will be some prepetition agreements. Is there any exculpation with respect to any prepetition agreement?

MS. LIOU: I believe Your Honor may be referring to the confusion around the defined term for "additional predecessor agreements."

THE COURT: Yes.

MS. LIOU: That term relates solely to agreements struck by the Debtor during the course of the Chapter 11 cases with other predecessors prior to confirmation in support of the Plan. And so, for example, that defined term solely relates to Apache, Hunt, Eni, and Chevron. The additional predecessor agreements are the agreements between the Debtors and each of those respective parties.

THE COURT: What about prepetition agreements with those parties?

MS. LIOU: There -- the exculpation does not cover the scope of those prepetition agreements, Your Honor.

THE COURT: And where do I get clarity on that? Because when I read it, I thought it did. I accept your statement to me but there was going to be some language added that made that clear. Is that now clear in the Confirmation Order?

MS. LIOU: I believe it's clear, Your Honor, as it's written; although we are happy to consider potential language. But let me explain why I believe it's clear. We had indicated in the Plan that as a part of the Plan supplement, we would file the additional predecessor

agreements. And we have done that.

THE COURT: And you're telling me there are no additional predecessor agreements that were in existence prepetition.

MS. LIOU: I'm sure that there were other agreements between the parties prepetition but those are not captured by the defined term and those were not agreements that were filed as part of the Plan supplement.

THE COURT: Sorry. I meant as the defined term, and my bad wording choice. You're telling me at this point additional predecessor agreements include no prepetition agreements.

MS. LIOU: Correct.

THE COURT: Okay.

MS. LIOU: Correct, at this point. Your Honor, that's absolutely correct. If what you would like us to do is add a word to the definition of "additional predecessor agreements" to indicate that it constitutes solely post-petition agreements that the Debtors have entered into, I think that that would probably be acceptable for the parties. I'll have to make sure but that seems to me to be a non-controversial change.

THE COURT: And have you added any language -- and I haven't looked at what you've done in your Confirmation Order. I want to be certain that the exculpations will be

applied only in a manner that is consistent with the Fifth Circuit's *Pacific Lumber* opinion. So the language may be fine so long as -- because it says in accordance with applicable law or language to that effect. I want it to specifically say that the exculpations are limited to exculpations that are permitted under *Pacific Lumber*. Is there any problem with that?

MS. LIOU: Not from the Debtors' perspective, Your Honor.

THE COURT: Okay. Go ahead then.

MS. LIOU: The last -- excuse me. The last set of topics that I'd like to cover are the treatment of the sureties, Your Honor. The Plan does provide the Debtors the ability to allocate their own property interest as a beneficiary under certain bonds to different entities. But very importantly, and this is a very, very important distinction because I think there was a lot of confusion that arose out of this, the Plan does not allocate, transfer, or provide any surety bond to any entity under the Plan under which the Debtor is a principal. I think that was also made very clear by Mr. Dane's testimony.

The Plan and the credit bid transactions do provide that credit bid-acquired assets will be sold free and clear of claims, liens, and interests. But as Your Honor noted yourself on the first day, that is permitted by

Section 363 of the Bankruptcy Code.

I'd like to now focus a little bit more on the consensual third-party releases.

THE COURT: Before we go there, the other sort of big issue back on the prior page that we spent a lot of time on are subrogation rights or duties that might exist with respect to properties that are being sold. Do you want to tell me what your -- and you may remember the colloquy of subrogation rights as to the Government since we could in fact have allowed an abandonment or allowed a sale free and clear. And the issue that I raised was can we go ahead and leave the Government in place, but since without the Government in place there wouldn't have been subrogation rights, still cut off subrogation rights? What is the Debtors' argument on that issue?

MS. LIOU: So, Your Honor, we actually have specific --

THE COURT: You need a minute? We'll take a minute.

MS. LIOU: (Coughing.)

THE COURT: Why don't you take a minute?

MS. LIOU: No, I'm sorry (glitch in the audio). Everybody else that I've been working with knows that I have this persistent cough.

Section 513 of the Plan actually has some language

that addresses this, Your Honor, which we heavily negotiated with the RSA parties and this also with the Government.

THE COURT: Five point --

MS. LIOU: And it does provide that --

THE COURT: So I need to look at 5.13 to answer that. Let me just open that.

MS. LIOU: Okay.

THE COURT: I want to understand exactly what you're telling me you think I can do so that I'm going to understand the arguments of others that say that I can't do it.

MS. LIOU: Sure.

THE COURT: Let me open the Plan. Okay. I'm looking at 5.13.

MS. LIOU: Subparagraph "A," Your Honor.

THE COURT: Okay.

MS. LIOU: It's in this Plan.

(Pause in the proceeding.)

THE COURT: So, again, this is clarity. I want to be sure I understand it. So a surety -- I'm looking at the very last clause. So a surety furnishes a bond to the United States and pays on that bond. Are they subrogated to the United States' financial recovery rights against anyone?

MS. LIOU: I think the answer depends, Your Honor. What the Plan does is it preserves whatever subrogation

rights they may have had at that time if those bonds are drawn. I don't think we're making a determination at this point in time, and the Plan certainly doesn't prescribe one way or another whether or not those surety parties would lose their subrogation rights or gain extra rights.

What we wanted to do was put this back to a mutual position and make very clear that the Plan is not interring their ability to assert a subrogation right post the draw of the bond that occurs post-effective date.

THE COURT: So should that eventuality occur, the surety may assert a financial subrogation right to the Government, and any party or non-party may contest that subrogation right.

MS. LIOU: That's correct, Your Honor.

THE COURT: Okay. Thank you.

MS. LIOU: Your Honor, I think we've covered expenses, so I don't know that we need to dwell on it but I did want to go to the third-party release provision slide. As the evidence demonstrates and as the docket also demonstrates, the third-party release provisions are fully consensual and they were exclusively noticed. This Court had approved our process for noticing out the ballots, which included the provisions of the releases in them, and approved the notice of the confirmation -- also has provisions, copies of the releases in them as well. It was

very expensive.

THE COURT: Yeah. I'm --

MS. LIOU: -- all of the (glitch in the audio) --

THE COURT: -- actually not aware of anyone that has objected to the third-party releases except for people that opted out of them. And people that opted out of them of course aren't bound by them. Am I missing something?

MS. LIOU: Okay.

THE COURT: Is there an objection by any party to the third-party release that is the ones that -- has anybody objected to third-party release that also then didn't opt out of it? Because I didn't think we did.

MS. LIOU: Your Honor, I'm not aware of any party who has not affirmatively opted out or made clear to the Debtors by filing an opt-out notice on the docket that they have opted out.

THE COURT: Okay. Thank you.

MS. LIOU: I will take that as a not so subtle hint to move on --

THE COURT: Well, I'm just -- I'm not sure --

MS. LIOU: -- to the next slide.

THE COURT: -- why I care about something that no one is objecting to when the Fifth Circuit has said you could do a consensual third-party release and, I mean, which they have. There is always an issue as to whether opt-in,

opt-out is correct. And I understand that issue. People can argue whether we meet the Fifth Circuit. But if no one's arguing against it, I'm not sure why I want to spend a lot of time on it. I want to be sure that people that want to opt out have opted out. And I don't think anyone's --

MS. LIOU: Yeah.

THE COURT: -- objecting who didn't also opt out and which I'm not a -- I don't understand the issue if that's where we are. So --

MS. LIOU: Your Honor, we addressed it simply because it was raised as an objection. But I completely agree with your position which is folks had the opportunity to opt out. And to the extent that they did exercise that right to opt out, then they are not forced to provide these releases to third parties under the Plan.

THE COURT: It's more that I think that right now no one that is objecting didn't also opt out. And that's slightly different than what you're saying. But someone that opted out can't then come in and say you shouldn't have given us the option to participate in a third-party release. I mean, it didn't hurt them to get the option to participate. So -- and I don't think we have anyone like that that's doing it so --

MS. LIOU: Yes. I think if we do, they should be at the proper hearing, but I am not aware of any party who

has complained about these releases and has not already opted out.

So, Your Honor, I think we can move on to the next slide which deals with the exculpation provisions. As I mentioned before, in our view the exculpation provision sets a standard of care, it's not really a release per se for the conduct during the Chapter 11 cases, the acts arising out of the restructuring itself. The exculpation certainly covers Debtors' estates and creditors' Committee and members of the creditors' Committee. But it also covers certain non-fiduciaries who nevertheless were incredibly integral to the Plan process.

As Mr. Perez has already explained, each of those parties participated in one aspect or another in ensuring the success of this restructuring, whether providing some form of exit financing, negotiating relevant documents and providing the voting support needed to get the Plan confirmed, or negotiating with us like the predecessors, the relevant predecessors, did on very complex arrangements under which they would effectively work consensually with the Debtors and the Credit Bid Purchaser to address much of the decommissioning obligations that are present here, over 90 percent of the decommissioning obligations that are present in this case.

THE COURT: What happens --

MS. LIOU: The parties acted --

THE COURT: -- what happens if there is a future dispute over the exculpation provision? Is it coming back here for a decision as to whether the dispute is within or outside of the exculpation, or is that not addressed in the Confirmation Order?

MS. LIOU: Your Honor, I would expect that because the exculpation provisions are a part of the Plan, they would be addressed before this Court at the time, and if a dispute were to arise regarding the scope of the exculpation.

THE COURT: So when you draft the language that I've asked you to draft that deals with *Pacific Lumber*, I want to be certain that there is a gatekeeping function so that, for example, no one uses the exculpation when they shouldn't be using it. And if we were to determine that some action is not exculpated, then I don't want somebody trying to defend on something where they claim it's exculpated -- or vice-versa. You know, if somebody got exculpated, they shouldn’t be sued at all for the exculpation. So include a gate keeping function to be sure that *Pacific Lumber* is fully and faithfully adhered to.

MS. LIOU: We will do so, Your Honor

THE COURT: Thank you.

MS. LIOU: I did also want to point out that there

is carved intentional fraud, unlawful conduct and that generally the exculpation, in our views, are a pretty common feature in complex cases like this. And the purpose of it is obvious, because there are many parties who can work with the Debtor to arrive at consensual arrangements, which are to the benefit of all the creditors in the case, and maximize value for the Debtors' estate. And by allowing those parties to be exculpated protects -- the exculpation you facilitate the consensual process, that I think Chapter 11 is designed hold.

Your Honor, with that I think we can turn to the next slide. I don't necessarily belabor the point, because I know Mr. Brescia did a really great job of laying out each of these parties provided in their own unique way support for the Plan and how that value was integral to the success of the restructuring. And how like a four-legged stool, if you pull one leg out, the stool is not going to stand.

THE COURT: I think we might call those three-legged stools here in Texas, but that's okay.

MS. LIOU: Given the number of parties here I opted for a four-legged stool.

Your Honor, lastly, I just want to make a couple of points before I close. As we iterated throughout the case, and I think as you've heard from Mike Dane in his testimony, the Plan is designed to accomplish three very

important goals.

It was important from the beginning -- even before the cases were filed that the Debtors be positioned to withdraw all of their decommissioning obligations with as little impact to the taxpayer as possible. This was an important goal, not only of the Debtors but also of the Government, and the Debtors have heeded that concern that the Government had.

In addition this restructure maximizes value for creditors. I think testimony -- uncontroverted testimony was presented, but the alternatives really are potential for (indiscernible) effectively. Chapter 7 liquidation or a 363 sale without this financing provided to ensure that the Debtors were able to provide the coverage of creditors under their Plan. I don't think it's a value maximizing proposition for all of the parties in this case.

And last thing I think, most importantly from the Debtors' perspective, it does preserve thousands of jobs and it preserves the Debtors' deepwater business. It is in line with the rehabilitative purposes of Chapter 11 and they have an opportunity for a fresh start.

And I know that it has been an incredibly long odyssey for management, especially who have been extremely dedicated to working nights, weekends and as you saw from the dedications Mr. Dane testified all day on Monday. They

are eager to emerge from Chapter 11. They are eager to have that fleshed out, the Chapter 11 offer, and look forward to the future of successfully continuing their operations in the Gulf of Mexico.

And with that, Your Honor, I think we would press our case ask that you confirm the Chapter 11 Plan.

THE COURT: Ms. Liou, thank you.

Mr. Carlson, will you be ready to address the Confirmation Order issues at 3:00 o'clock?

I'm not seeing Mr. Carlson. Hold on. There we go.

Mr. Carlson, will you be ready to address the Confirmation Order issues at 3:00 o'clock?

MR. CARLSON: Yes, Your Honor. I will. We are continuing to work with several different parties on provisions even as this hearing is ongoing and will be ready to address any questions that the Court has and to kind of give a status update on where we are with various parties and negotiating language and finalizing it.

THE COURT: All right. If the parties that will oppose even after whatever deals get made by Mr. Carlson, can we organize how those opposing arguments will be -- have you-all decided who's going first, second, third, things like that? It will take a minute just to get the afternoon organized.

UNIDENTIFIED MALE: No, Your Honor. We haven't yet finalized Order --

THE COURT: Well, no, that's for others to see how they've organized it.

Let's see, Mr. Schaible, I thought you were not going to be opposing, but maybe you're going to surprise me.

MR. SCHAIBLE: I'm not opposing, Your Honor. I would like to just ask for a few minutes at 3:00 o'clock if that's okay, Your Honor.

THE COURT: Of course. Did you want to go before or after Mr. Carlson?

MR. SCHAIBLE: After Mr. Carlson is always a heavy opportunity, I think I should go after Mr. Carlson.

THE COURT: Okay. That's fine.

Mr. Balasko.

MR. BALASKO: Thank you, Your Honor. Zach Balasko for the Department of the Interior.

Like Mr. Schaible, I would like just a brief opportunity before the opponents go, to go over the reasons why the Government has decided not to object to this Plan.

THE COURT: Of course, thank you, Mr. Balasko.

Mr. Pasquale.

MR. PASQUALE: Well, Your Honor, Ken Pasquale Stroock and Stroock and Lavan for the Official Committee of Unsecure Creditors.

I, too, will just have a very short statement if I may.

THE COURT: Of course. Thank you.

Mr. Zuber.

MR. ZUBER: Good afternoon, Your Honor. Yes. Scott Zuber. I will have a little bit of argument when everybody else is through on the proponent's side and opponent on behalf of several surety clients.

THE COURT: All right. And are you planning to go first Mr. Zuber, or will you work that out with the other opponents? I don't care who goes first. Maybe between now and 3:00 --

MR. ZUBER: I'm happy to --

THE COURT: -- you can work out an Order of who's going to go first, second, third, et cetera, I'm not going to cut anyone off.

MR. ZUBER: Sure. I'm happy to go first, and I'm not sure at this point how many other sureties are planning to make arguments, but we can try to coordinate that during the recess. But I'm happy to go first if that works.

THE COURT: Why don't we do this? Let's take in terms of opponents, we'll take all of the sureties, whoever wants to make any statements, followed by predecessors-in-interest.

So do we have any predecessors-in-interest that

intend to make arguments?

Mr. Alaniz.

MR. ALANIZ: Good afternoon, Your Honor. Omar Alaniz on behalf of the Hess Corporation.

Yes. We do intend to make a short closing argument. And I did coordinate with BP and I believe BP will be going first, but maybe they should just confirm.

THE COURT: Okay. Can I just get you-all to coordinate on the predecessors so that we've got that organized for this afternoon?

MR. ALANIZ: Sure. I don't know if the other predecessors. I believe that counsel for Exxon and Marathon made some opening statements and I wasn't sure if they were going to make closing arguments, but I'll send an email out to some of those parties and coordinate.

THE COURT: All right. Thank you.

Mr. Kuebel.

MR. KUEBEL: Yes. Good afternoon, Your Honor. Omer F. Kuebel, III, on behalf of McMoRan and its affiliates and ConocoPhillips and its affiliates.

I certainly do intend to have closing arguments directed almost exclusively to the scope of the exculpation clause, Your Honor. I'm happy to slot in after BP and Hess, or if anyone else wants to go forward.

And I do think that the guidance that Your Honor

has given on these issues, were they implemented in the Confirmation Order, into language that we've requested, would actually solve a lot of our objections. But for whatever reason we have unfortunately not been able to engage with the Debtor over the last few days over those issues. But as of this moment, we certainly Plan to go forward and address the breadth of the exculpation clauses in the Plan.

THE COURT: So as you know, I've been known to put an Order on the screen and put my own language in it, Mr. Kuebel. I intend to do what I said I'm going to do there. They don't have exclusive drafting rights on that Confirmation Order. And I'm saying that for everyone's benefit, so that, you know, maybe between now and 3:00 o'clock, Mr. Carlson and you can have a conversation.

MR. KUEBEL: We would certainly welcome that, Your Honor.

THE COURT: Thank you.

From 713-374-3674.

MR. HUTTON: Your Honor, John Hutton on behalf of BP.

Your Honor, I think we're prepared to move closing arguments on all the issues raised. I think the scope of what they present is potentially impacted by the language that was filed last night with the proposed Confirmation

Order, which includes some of our language that we've proposed. And I think, depending on some clarifications we hope to get, to go a ways towards resolving it.

But I think it's subject to some ambiguity, but we will seek to clarify. And if it means what we think it means and accomplishes what we think it's intended to accomplish, it may go a long way towards resolving our issues, but that's something we would like to have the opportunity to flesh out with the Debtors and have not had that opportunity as of yet.

THE COURT: All right. Thank you.

And finally, Ms. Rosen wanted to speak.

MS. ROSEN: Thank you, Your Honor. Suki Rosen on behalf of XTO entities. We're in somewhat of the same boat. We've been working with the Debtors on language for the Confirmation Order and we've gotten close, there's a couple of remaining issues and we're going to try to have a conference with the Debtors this afternoon to try to resolve those remaining issues.

THE COURT: Thank you.

I was wrong, you weren't last.

Mr. Eisenberg.

MR. EISENBERG: Thank you, Your Honor. I was waiting for Ms. Guffy to chime in and she didn't, so I took the opportunity.

Obviously, we coordinated with Mr. Kuebel and Ms. Guffy, and Mr. Kuebel will go first for McMoRan a lot of what he'll do obviously will also bear on our clients, W and T, Merit, and ConocoPhillips. Ms. Guffy will be speaking on the exculpations, as well, and I also be speaking, Your Honor. But with regard to 513 -- and we did see the changes they made last night -- we also will be speaking to the language that the Debtors put into their proposed Confirmation Order and will look forward to trying to work that out between now and 3:00 o'clock if we can.

We've obviously proposed our own language, we will have that available for the Court as well. There is some confusions that we have with regard to contracts that are executory contracts that have been assumed and are somehow being affected.

And so, but we do appreciate Your Honor's guidance and we do have that split up amongst ourselves today as well.

THE COURT: All right. Thank you.

Ms. Archiyan.

MS. ARCHIYAN: Good afternoon, Your Honor. Yelena Archiyan on behalf of the Energy Transfer affiliates.

Unfortunately, we have unable to come to a resolution with counsel for the Debtors with respect to an agreed form of language to be included in the Confirmation

Order. So I will also like to make a few statements at the appropriate time. Our issue is a little different from the issues that the sureties and predecessors-in-interest, so I'm happy to wait until the very end or whenever you think is appropriate.

THE COURT: That makes sense to me. Thank you.

Mr. Chiu.

MR. CHIU: Yes. Thank you, Your Honor. Kevin Chiu, Baker Botts, on behalf of Hunt Oil Company and subsidiaries.

Your Honor, we've been working as well with the Debtors similarly to Mr. Carlson with regards to the language in the Confirmation Order for the Hunt turnkey agreements and the various provisions and terms under the Hunt deal. I think we are certainly close, and we will work closely with Mr. Carlson and his team to confirm a couple things and making sure that the right documents are being filed in front of Your Honor and the Court. But we certainly do like to preserve our rights and if any items need to be brought to your attention, we anticipate in doing so this afternoon while Mr. Carlson is going through the Confirmation Order.

THE COURT: Thank you.

Ms. Russell.

MS. RUSSELL: Good afternoon, Your Honor. Robin

Russell, Hunton Andrews Kurth, on behalf of Apache Corporation.

We may have a very brief statement in support of the Plan and the recently filed Apache surety term sheet. We also have a few minor issues that we're working out on the Confirmation Order, and we will do that with the Debtor during our recess.

THE COURT: Thank you.

Mr. Dendinger. Mr. Dendinger.

MR. DENDINGER: Yes. Thank you, Your Honor. Good afternoon, Mark Dendinger on behalf of Eni Petroleum US LLC and Eni US Operating Co., Inc.

We've been working closely with the Debtors on language to resolve the remaining concerns in the Confirmation Order. We would simply like to reserve our rights with regard to making any closing arguments if we cannot resolve those concerns, but we expect to be able to resolve them prior to confirmation of the Plan.

THE COURT: All right. Thank you for that announcement.

Mr. Zeiger.

MR. ZEIGER: Good afternoon, Your Honor. It's Jeffrey Zeiger, Kirkland and Ellis, on behalf of Atlantic Maritime Services.

We filed a very limited objection that frankly has

been addressed based on comments during the hearing as well as changes to the Plan since we filed. So I was going to spend 30 seconds informing the Court of that, but since I just did, I'm happy to handle it however you want. Less than a minute at most, Your Honor.

THE COURT: Thank you, Mr. Zeiger.

All right. Mr. Carlson, would you arrange to have someone walk over here at 3:00 o'clock? It may be you know, five after 3:00, they may walk in whenever it is they walk in with a flash drive with the Word version of the Confirmation Order, so that we're not just fighting -- me fighting to try to get it in an editable form. I'll edit on the word version, I'll put it up on the screen.

MR. CARLSON: Yes, Your Honor. We're happy to do that.

THE COURT: All right. Thank you.

From 847-363-6644.

MR. KIND: Yes, Your Honor. This is Michael Kind for the Cox entities.

THE COURT: Yes, sir.

MR. KIND: We wanted to also reserve the right to make a short closing statement.

THE COURT: Thank you. At which point did you want to have it?

MR. KIND: We're hoping to resolve our issues as

well, Your Honor, so we could go at the end. We're hoping that others will cover some of our arguments, we might not be able to -- we might not have to repeat a lot of what's argued previously.

THE COURT: All right. I appreciate all the announcements and all the work that's going into this. We will adjourn --

MR. PEREZ: Your Honor?

THE COURT: Yes. Mr. Perez.

MR. PEREZ: Your Honor, this is Alfredo Perez. I apologize, I have been side barring with Mr. Schaible and it might make sense for the other supportive of the Plan to go first before Mr. Carlson goes through the Order, just in the interest of -- the Court hearing all the arguments first and then we can go through the Order before the objectors come on.

THE COURT: That actually makes sense.

Then, Mr. Carlson, why don't you -- I have a feeling, during that, you're still going to be working on the Confirmation Order so forget my 3:05 time deadline. Get it to me at a point you think I need it, so that I'm working with a live but editable version of the Confirmation Order, okay.

MR. CARLSON: Yep. Will do.

THE COURT: Okay. Thank you.

Court's in adjournment until 1:30. This hearing is in adjournment until 3:00.

(Recess taken from 12:15 p.m. to 3:08 p.m.)

AFTER RECESS

THE COURT: We don't need new appearances. I think what we are now going to do is to go to the first proponent that wishes to speak in favor of confirmation. So if that individual would please press five star one time on their phone.

Mr. Schaible, good afternoon.

MR. SCHAIBLE: Good afternoon, Your Honor. Damian Schaible with Davis Polk on behalf of the First Lien Term Loan Lenders and the DIP lenders.

Can you hear me okay, Your Honor?

THE COURT: Yes, sir.

MR. SCHAIBLE: Okay. Perfect.

CLOSING ARGUMENTS ON BEHALF OF THE FIRST LIEN TERM LOAN LENDERS AND DIP LENDERS

MR. SCHAIBLE: Your Honor, first I want to apologize to the Court and the other parties for inadvertently inconveniencing everyone this morning with the schedule. I was moderating an ABI panel on commercial real estate, which as Your Honor knows I've been learning a little bit, so I wasn't able to change that and I apologize.

THE COURT: You don't owe me an apology. It was I

believe Mr. Perez fell on the sword as his fault.

MR. SCHAIBLE: Mr. Perez is kind. There's a lot of emails flying around so. But again apologies for that.

Your Honor, I virtually rise and obviously to support the arguments made by the Debtors. I thought that Mr. Perez and Ms. Liou --

THE COURT: I need to interrupt you a minute, Mr. Schaible, Mr. Chiu has apparently an objection.

Mr. Chiu.

MR. CHIU: Oh. Sorry about that, Your Honor. No objections, merely throwing my name in to make a statement during the proponent's phase, but (glitch in the audio) I have no objections to --

THE COURT: Okay. I'll go ahead -- if I can get you to press it when the time comes. Thank you.

Sorry to interrupt, Mr. Schaible, just wanted to be sure if somebody had an objection to you, they could voice it.

MR. SCHAIBLE: Your Honor, lots of people have objections to me, that's a little --

So, Your Honor, I rise virtually to support the -- obviously to support the Debtors' case. I thought that obviously Mr. Perez and Ms. Liou did a terrific job of laying out the arguments, and I'm not going to bore Your Honor with them. I rise virtually merely to make a few

points and really by way of emphasis of a few points that Mr. Perez and Ms. Liou raised and to ask Your Honor for some guidance on one point.

So Your Honor, as Your Honor has heard at length over the past many months that we've been before you, you've heard a lot about the successes of the cases and the significant contributions that our group has made. But just to remind -- and there's a reason for this -- as Your Honor, knows our group first negotiated the RSA and the cornerstone deal with Apache prepetition when we had no idea where the case was going to go. But that deal was important and formed a cornerstone of what ended up becoming the Plan. We backstopped $100 million DIP and provided that to the Debtors to permit the cases to proceed.

We supported the Debtors in difficult negotiations with all the additional predecessors and stand here now with the vast lion's share of Fieldwood's P&A obligations consensually spoken for. We worked hard with the Debtors and the Government to get to the non-objection that we've received from the Government, and we've been working with the Debtors' sureties throughout. We are, as was mentioned, both backstopping the exit financing and putting in over $100 million of new money, much of which will be used to not only capitalize the new co-entity but also to ensure that the decommissioning will be done.

I say all of this Your Honor to remind the context -- and this is where we believe it's important to remember that, in addition to having provided all the DIP, this is not one of those cases where someone's standing here saying hey Your Honor we have another idea, we have another solution that we can offer the Court that is better or different from the solution that's being offered by the Plan. Unfortunately, I think everyone agrees that this really is the only solution that exists to avoid a liquidation and additional hardships all around.

So the nature of the objections that Your Honor is dealing with today are legal objections that obviously we have different disagreements with and again I think that the Weil team ably handled what we would have said on all those points. And then objections where people are seeking -- and I think when Mr. Carlson takes over to talk through the Order -- I think you're going to see that we've done further work, during the period of time you gave us early afternoon, Your Honor, we were able to reach additional agreements on language. But some agreements -- disagreements on language may continue to exist. And I think that those exist in a couple of places that I wanted to touch base with Your Honor about this afternoon.

The first -- and I'll deal with it quickly -- is the exculpation. I heard Your Honor's point when Ms. Liou

was handling the exculpation point. I think you get the fact that our group in addition to other groups have provided what I would describe as extraordinary support and have played a critical role in the Plan, and the exculpation is appropriately limited both in time and in scope. And so we believe it quickly and quickly passes the *Pacific Lumber* standard.

And Your Honor said, you know, add language to the Plan to make clear that I get to decide whether a given exculpation is to be covered or not. I think that makes perfect sense. And the Debtors have proposed some language that I think Your Honor will soon see.

The one thing I wanted to be clear about, because I just want to avoid any ambiguity here, by referring to *Pacific Lumber* standard, as Your Honor notes, people throw around the *Pacific Lumber* standard often times as a way to argue the only safe fiduciaries can be and receive an exculpation. I don't think that's right, and I don't think that's what Your Honor has ruled in prior cases and I know that Your Honor and the Southern District of Texas, more generally, has permitted in call it extraordinary cases third-party non-fiduciaries to get the benefit of exculpation.

And so I would love for us to be able to, when you get to the Order, consider language that would make clear

that while the *Pacific Lumber* standard will be the standard for Your Honor to call balls and strikes, if you need to with respect to exculpation, we don't have to relitigate whether our holders would fit within that standard. In other words we very much would like Your Honor to rule today that our group is entitled to the exculpation. And the question is just what is the scope of the exculpation under controlling law? And so that's the first point I wanted to make, Your Honor.

THE COURT: So when we get there, and I need to hear argument about it, but here's been my concern about -- I have to rely on *Pacific Lumber* and I will apply *Pacific Lumber*. But *Pacific Lumber* isn't the only law that is used when thinking about what fits within a *Pacific Lumber*. And in my view *Midlantic* plays a relatively major role in what we ought to be doing here.

I want to go back and talk about *Midlantic* for just a moment. Where what the Supreme Court did was said that the public policy behind our environmental laws was so important that we're going to make it preeminent over enforcement of specific language within the bankruptcy code. And the evidence is now closed and so far the evidence is that the parties who are participating in the cleanup effort, which includes your client, have played a really significant role in furthering the public policy of the

United States a *Midlantic*. So when you think about who the critical players are that would fall within *Pacific Lumber*, I think that you have to think about that in the context of *Midlantic*, which would in fact educate the Court that your client does fall within *Pacific Lumber* read in the context of *Midlantic*.

So as to -- I want to hear arguments about this, but the concept to me that you can be sued for what you did in the case -- your client could be sued for what they did in the case. I'm not talking about before the case and I'm not talking about what they might do after the case, but the concept they can be sued for what they did within the case when it was in effect mandated by *Midlantic* if we were going to ever clean these matters up. With counsel heavily in favor of being certain it applies to you. I don't know that I want to put particular language in there, as opposed to the comment that I'm making now, because it's awfully difficult to draw where the lines are. I don't know what your client did two years ago, and I don't know what your client will do two years from now.

But I don't read *Pacific Lumber* as being some far out of the market opinion where I need to worry about it being cabined narrowly by what was occurring in *Pacific Lumber*, which is vastly different than what is happening here. I mean just on a superficial level it was (glitch in

the audio) even not by me I don't -- it's not that I have an opinion on this, this is an anti-environmental case, whereas *Midlantic* says that we should counsel pro-environmental cases.

So this isn't a hard call for me right now to know that. I want to hear argument about it. I'm not sure that I want to give the definition you want to give only because the difficulty of anything that we say and then when something becomes fact specific, you know, how we apply it may be difficult, but I'm perfectly willing to listen to the argument about it. But it has been my view throughout, and based on the evidence that I've heard which was undisputed, is that without the efforts of your clients and others but I'll take yours since you're the one I'm looking at, we would not have a solution to a major environmental problem in the Gulf of Mexico that *Midlantic* tells me to utilize the Bankruptcy Code in a manner to solve the problem.

So with that, we'll worry about the particular language when we get there, but I very appreciate and you're not -- I hope you realize you're not making me think about this for the first time, right. I've been worried about this throughout the case and how *Midlantic* plays into *Pacific Lumber*, and I do think it clearly does from what I'm seeing.

MR. SCHAIBLE: Okay. Okay, Your Honor.

Understood. I think at the right time I would love the opportunity to try to convince Your Honor that -- and by the way I was saying my group, but what I really mean as you know is the ad hoc group and credited purchaser, which obviously both are what you are talking about.

THE COURT: Right.

MR. SCHAIBLE: And I do think that the exculpation provision does not exculpate anyone for anything they did before the case and does not exculpate anyone for anything they would do after the case. So I would ask Your Honor to consider at the right time -- again my only request would be that I don't have to relitigate two years from now whether our clients were covered by the exculpation at all. I think that's something that Your Honor is ably able to determine today. The scope of that exculpation would remain an open question, I understand that, but we can get to that when you've heard the argument, Your Honor, and we can --

THE COURT: And I think you've heard what I'm saying about it. I don't know that it's inconsistent with what you're saying at all, but it may be difficult writing it, but that's -- that is how I view under applicable law.

MR. SCHAIBLE: Understood. Understood and we can discuss it when we get to the language, Your Honor.

The other point, and I think you're going to hear about this again Your Honor, and again I almost said nothing

about it because Ms. Liou handled it so well during her closing. But during some of the conversations that we've had over the past couple of hours it's sort remained an issue. And this is effectively the free and clear sell kind of issue here. And again, Your Honor, we're not looking for third-party releases -- non-consensual third-party releases of the ad hoc group or of credited purchaser or of anyone, but we do need to know that with respect to the claims that are being addressed in the case and with respect to assets that are being purchased by credited purchaser and with respect to credited purchaser as a purchaser of assets free and clear that there aren't obligations or claims that are somehow riding through.

And this is one of those topics, it's very easy to talk about in theory. I think it's so obvious in theory it's almost a waste of Your Honor's time. But when you start to look at the breadth of some of the language, then in particular some of the sureties are pushing for as carve outs under their sureties policies, what I would -- what I would ask Your Honor to consider as you're hearing the arguments -- and we can talk further about -- is we understand and want to be crystal clear that with respect to any contract, surety bonds, any agreements that are being achieved and assigned to credited purchaser, no one is looking to impact anyone's rights under those agreements and

that's an absolutely imperative completely understood. We are not looking for a free pass with respect to any agreements that we are purchasing on a go forward basis.

All of that said, we can't stand by carve outs -- and you'll see it when you see the language -- that might suggest that somehow with respect to agreements that were not assumed and assigned, third parties have the right to come after a credited purchaser or come after the purchased assets on account of those non-assumed and defined agreements.

And so what we have proposed, and you'll see it in the language, is that we need very broad carve outs that are being sought by a number of the sureties that basically say not withstanding anything that exists in the Plan, effectively we maintain all of our rights under all of our agreements with respect to any third parties. We have proposed that third parties, other than credited purchaser and with respect to the purchased assets, except to the extent that it's on account of assumed and assigned agreements and subrogation.

And anything that comes along with those assumed and assigned agreements we are 100 percent on the hook for and we're not looking to impact anyone's rights with respect to. But with respect to prepetition agreements that the Debtors had merely to the extent that we are purchasing

those assets those obligations should not ride along they should be addressed in the Plan as we believe they would be as unsecured claims.

THE COURT: Let's look at the language. We've had an extensive discussion about that on the Record, if we approve this Plan, your client is buying free and clear of the kinds of claims you're describing, period.

MR. SCHAIBLE: Correct. Okay. Thank you, Your Honor. And that's really -- and you'll see as it comes down to it. Other than that, Your Honor, I'm going to let you get on to others. But we do appreciate Your Honor's time and the Court's time, and this is incredibly complex. Those of us who have spent, you know, the better part of nine months on this day-in-day-out sort of lose sight of the bigger picture sometimes. But when you do look at the bigger picture this is a Plan that really does show the best of a lot of people on this Zoom call, those I agree with and disagree with. Thank you, Your Honor.

THE COURT: Thank you.

Mr. Balasko, if you would go ahead and press five star I would appreciate it. I made comments about how I thought *Midlantic* should be applied to further the interest of the people of the United States. And in fact if we're going to utilize it properly, that it does influence the application of the bankruptcy code to particular

situations. It dawns on me that because I'm saying how I believe you are acting in terms of implementing this, I should confirm that I'm reading, if you will, the United States correctly that you have determined that you're not objecting, because this in fact furthers the kind of principles of *Midlantic*. Because if not then the decision that I'm telling Mr. Schaible that I think is correct, could be incorrect. Because it depends on -- in fact I've read the Department of Justice correctly. So go ahead, please, if you would, Mr. Balasko.

MR. BALASKO: Thank you, Your Honor. Zach Balasko on behalf of the Department of the Interior.

CLOSING ARGUMENTS ON BEHALF OF

THE DEPARTMENT OF INTERIOR

MR. BALASKO: I think Your Honor's understanding of *Midlantic* is correct. The Bankruptcy Code under Section 554 gives Debtors -- or trustees and those in possession a very broad right to abandon property if it's a burden to the estate. You know, in recognition of the overwhelmingly important public policy considerations of particularly environmental laws, the Supreme Court created a -- judge made exception to that to the management standard in *Midlantic*, where --

THE COURT: Probably wouldn't happen with the current Supreme Court, right? But I think I need to rule on

the way they've already ruled and not the way they might rule today, right?

MR. BALASKO: Your Honor, as a proud graduate of Washington and Lee school of law, I would have to note that this is one of Justice Powell's my fellow WNL graduate, I think. But I agree with you, Your Honor.

But *Midlantic* exception -- if a regulator raises an objection under *Midlantic* that an abandonment would violate a law that's designed to protect public health and safety, abandonment is not permitted. The Supreme Court found that Congress didn't intend to advocate a Debtors' plausibility to comply with these environmental laws in particular while we're in Bankruptcy Code.

As Your Honor noted earlier and noted in the American Coastal opinion, *Midlantic* doesn't call on the Bankruptcy Court to replace its judgment with the judgment of the regulator or with Congress when enacting statutes and enforcing regulations. It's the prerogative of the regulator to decide whether or not to assert *Midlantic* claims, and it's analogous of whether or not a particular Bankruptcy Plan proposed abandonment protects the Gulf, the environment.

In this case, Interior has thought long and hard about the decision and reviewed the Debtors' Plan, gone back and forth with the Debtor for many, many months to determine

that this Plan is the best practical solution to protect health, safety, and environment in this case. We are confident that the properties will continue to be maintained and monitored as there would be no gap in which -- you know, after the effective date there's a property that's out in the Gulf unmonitored. That's a very, very important consideration, even before we get to decommissioning that someone is watching these properties to make sure there aren't vessel collisions or oil spills.

We're also confident that 91 percent of these properties there are already agreements in place, or there will be on the effective date that the decommissioning will be performed. And as to the remaining 9 percent, the predecessors-in-interest on those properties have recognized their obligation to perform the decommissioning as joint and several with the Debtor, and when called upon to do so by Interior, we're confident that they will perform the decommissioning.

Your Honor, we haven't looked at the Confirmation Order yet, but it's also important to note that under paragraphs 142 to 146 of the current Confirmation Order, the Debtors aren't being released of their obligations to comply with the decommissioning obligations and other regulations, and neither are the post effective date Debtors. This is also very important from Interior's perspective that there

is no release of liability happening here.

And finally as Your Honor noted earlier in the discussion with Mr. Perez, this court is not charged with determining whether or not the post-effective date Debtors ultimately comply with the regulations or with the transition services. The Confirmation Order also makes it explicitly clear that the applicable tribunal, whether they be Interior's Administrative process or an article three court, will be where the United States goes to make sure that the Debtor is complying with the environmental obligations. Which I think is how Congress intended the process to work, and that's not the type of thing that I think this court wants to get involved in.

Your Honor this has been, as I said at the beginning of my presentation yesterday, a long and challenging case, but I think that this a solution that protects the environment and protects health and safety, and for that reason the Government's not objecting to the Plan. They could not have gotten here without the many, many hours of work from the Debtors, from the lenders, from the predecessors, and all their counsel, and I would be remiss if I didn't mention my co-counsel at Justice Serajul Ali, as well as Casey Hines and of Interior Ryan lamb all of us have put in many hours to get to this point. And we are approaching and confirmed we're not objecting to it and

happy to answer any questions the Court may have.

THE COURT: So in the last part of your statement, you were thinking people that if we wouldn't have gotten the deal or you wouldn't have gotten the deal done without them. With respect to Mr. Schaible's clients for example, I think the evidence shows, not only that you wouldn't have gotten the deal done with out them, but that they wouldn't have done the deal without having appropriate exculpation for doing the deal. And that the deal is --

MR. BALASKO: Absolutely, Your Honor.

THE COURT: -- in furtherance of *Midlantic*. Is that your view as well?

MR. BALASKO: That is my view, Your Honor. Now it is important to note that this transition services you know, the reason that the Plan worked that was before Your Honor in January didn't provide for those services, was that there was no money with which to provide the services. And you know, that money has to come from somewhere and I believe that money is in fact coming from Mr. Schaible's clients. And I believe that this Debtor would not be able to comply with *Midlantic* without the support of the lenders.

THE COURT: Thank you, I just wanted to be sure I wasn't out to far over my sleeves. I'm going to go ahead and mute your line, Mr. Balasko.

Mr. Pasquale, let me get your line active. There

we go. Mr. Pasquale, sorry.

MR. PASQUALE: There we go. Thank you, Your Honor. Can you hear me okay?

THE COURT: I can.

MR. PASQUALE: Thank you, Your Honor. Ken Pasquale at Strook and Strook and Lavan for the Official Committee of Unsecured Creditors.

CLOSING ARGUMENTS ON BEHALF OF THE

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

MR. PASQUALE: Your Honor, I will be very brief. The Committee filed a statement in support of confirmation at Docket No. 1552 which outlines the Committee's actions and diligence, as well as the Committee's Planned settlement with the Debtors and lenders, which resulted in the treatment provided in the Plan for general unsecured creditors in classes 6(a) and 6(b).

Your Honor, this case presented some difficult facts for unsecured creditors. In addition to the P&A issues, there was 1.8 billion in prepetition secured debt, a proposed credit bid transaction, and a valuation that did not seem to leave room to satisfy general unsecured claims. In these circumstances, the Committee was able to achieve what we believe is very favorable treatment for general unsecured claims and important structural concessions. Such as the opportunity to select the Plan administrator, and the

release by the estate of any possible preference claims against holders of general unsecured claims.

I won't burden the Record here, Your Honor, by reciting each term of the Plan settlement. The complete terms are set forth in the disclosure statement, that's Docket No. 1285 at page 16. We do believe it's significant however that many of the objections that were initially filed against the Plan -- of the many objections, excuse me, Your Honor, none of the objections took issue with the Plan settlement and the treatment of general unsecured claims.

Your Honor, I mentioned at the start of the hearing that the Committee was in the process of evaluating the Apache-sureties settlement for which the term sheet was filed by the Debtors last night. Just for the Record, the Committee supports that settlement and Your Honor we respectfully request that the Plan be confirmed. Thank you very much.

THE COURT: Thank you, Mr. Pasquale.

All right. Who next wants to address from a proponent's point of view advocacy of the Plan?

Ms. Russell.

MS. RUSSELL: Good afternoon, Your Honor.

THE COURT: Good afternoon.

CLOSING ARGUMENTS ON BEHALF OF

APACHE CORPORATION

MS. RUSSELL: I'll start by saying that I'm proud that Lewis Powell was a partner at Hunton before he went on the Bench.

After many months of litigation and negotiation, the Apache sureties, the Debtors on behalf of Fieldwood One, and Apache reached an agreement as to the terms for settling the disputes among them, including the adversary proceeding that was filed with this court. The Apache surety term sheet was filed early this morning, as just noted. It contemplates that between now and the effective date the parties will further memorialize the settlement in a subrogation, subordination, and payment agreement. And the parties have agreed that if we have any problems or disputes arising from turning the term sheet into that agreement, we will come back to you for resolution.

So I would like to briefly walk through the terms of that agreement and address questions that I have. There are four sureties that are parties to this agreement. Two of them issued bonds directly to Apache, two of them stand behind the Deutsche Bank letters of credit that were issued to Apache, and that's bundled together with what we call Trust A constitutes the decommissioning security which you will see referenced in the Confirmation Order.

In order to implement this, the sureties are going to enter into an inter-surety agreement and designate one

representative, the surety representative to on an ongoing basis work with Fieldwood One and Apache. There are several important things that wrote out of this.

The first, Apache had a claim against the Debtors for the short fall in the decommissioning funding for 2020, and that was in the range of $50 million. The sureties asserted that, that had to be strictly cured and Fieldwood One was going to have to borrow money in order to effectuate that cure. But as a result of the settlement, the sureties have agreed that Fieldwood One and Apache can agree to an alternative cure. And the cure being the entire settlement that was reached between the Debtors and Apache before this case began.

As a result, Fieldwood One will not have to borrow money to make the cure. That money was going to go into Trust A which was going to be sitting for awhile until it had to be drawn on. And so through that savings, Fieldwood One will be able to make payments to the sureties which we are calling the Fieldwood One premium claims. Now these claims are not at the same level as the premiums that were due prepetition, but it is an amount that has been agreed to by the sureties and they will allocate it amongst themselves under their surety agreement.

The way it's set up 6.25 million will be paid in semi-annual payments for a total of 6.25 a year that starts

60 days after the effective date. And then, if there is sufficient free cash flow above the 20 million mark that is going to be set aside for working capital, then the sureties will be entitled to additional 2.75 million on an annual basis. And this total of 9 million will not be subject to the subordination that I'm going to reference momentarily.

So the sureties are also going to be allowed to opt into the farm end that was negotiated between Fieldwood One and NewCo. So that agreement those farm end rights last for two years, and at the end of the two year mark the sureties can elect -- they're not obligated to -- but they can elect to step into that agreement. And if they do and things work out well, they will recover their initial capital investment. Then 50 percent of the profits, above their initial investment return, they can use those funds to top up to their premium, if free cash flow wasn't otherwise available to do that. And then the other 50 will go into Trust A.

So Fieldwood One will get the benefit of working capital of 50, once the sureties get back their capital and they get their pre- (indiscernible) topped up, the other 50 percent will got into Trust A, which will be used for decommissioning as well. So it's really a win, win situation all around. The Surety representative will have information rights similar to Apache's and will be allowed

to distribute that information that's subject to appropriate confidentiality with the other sureties.

And then we get to this agreement, this subrogation and subordination and payment agreement. And that agreement is intended to grant to the sureties a contractual right of subrogation, if and when all the bonds and LCs have been drawn on, that has been agreed to by Fieldwood One. And they will step in with a claim for the amount that has been drawn plus any premium fees up to $12 million that they have not previously been paid. That agreement will have very standard subordination provisions, as well, so that it's clear that nothing will be paid out on that subrogation claim to the sureties until Apache has been fully repaid on the standby facility that it has offered, there's no future commitment to lend, and all the decommissioning has been completed on the Legacy Apache property.

In connection with this the sureties have agreed to support the Plan, provide the releases as outlined there in, and this is what we view as a great resolution for everyone. The adversary proceeding will be dismissed, Apache will get the comfort that it needs in connection with the Plan.

I'll stop at that point and ask the Court if it has questions.

THE COURT: Not many and I don't think I should ask many, I want to be sure of a couple of things. Number one, I know of no difference -- sitting here right now without studying it -- between the words you used today and the words that are written on the paper, but it would be my understanding between you and the sureties that, if there is any difference between what you said today and what is on the paper that was filed, that the paper would control.

MS. RUSSELL: Absolutely.

THE COURT: And second, I want to understand, if there is a dispute over how to document the final contract, which I understand you're going to bring back to the Bankruptcy Court, and if there are some holes in the agreement that just have to be filled in, in order to be able to make it final, are the parties agreeing that they have a sufficiently documented deal that I am empowered to fill in the blanks that need to be filled in if there's something just completely missing but that's absolutely necessary? O does the deal fail if you have that situation? I just want to -- I'm not -- I don't want to change what you-all have agreed to do, but to me that is the hardest question. This is really complicated, there's probably some holes, I think you'll work through them, but if you can't, I want to know if I'm supposed to fill them in or not. Whether that's what you are empowering me to do.

MS. RUSSELL: Your Honor, from Apache's perspective, we are empowering you to do that. We feel like this is a deal, where we can't see it but there's a lot of blood on this term sheet, a lot of people have looked at it for a long time, and so I'll defer to Mr. Perez and the counsel for the sureties, but from Apache's perspective we would rely upon the Court understanding the history of this bankruptcy and the issues here to fill in those blanks.

THE COURT: Mr. Grzyb, what is the sureties' position on that?

MR. GRZYB: Well, I think Ms. Russell has accurately captured, I think, the proper response now. I would probably, to the extent he has raised his hand virtually, defer to Mr. Brescia to go first because he's been sort of leading the charge with respect to negotiating this term sheet. So if he has raised his hand, I would defer to him. If --

THE COURT: You know with that --

MR. GRZYB: -- Your Honor can see if he's --

THE COURT: -- you know, with that, I'm always going to call on you first, so you have this sort of built in problem Mr. Grzyb, so.

(Laughter.)

MR. GRZYB: Well, I will say that I think that job sort of started to really accelerate the process of this

term sheet, so Marvin will forever be a legend in sureties. Going forward. But thank you, Your Honor.

THE COURT: But as far as you're concerned though, if there are holes in the deal, you want them filled in by me as opposed to saying that the deal fails because there's a hole?

CLOSING ARGUMENTS ON BEHALF OF
ASPEN AMERICAN INSURANCE COMPANY,
BERKLEY INSURANCE COMPANY, EVEREST REINSURANCE COMPANY,
AND SIRIUS AMERICA INSURANCE COMPANY

MR. GRZYB: We very much want to see this deal concluded as part of this bankruptcy case. My comment would be sort of two-fold. The deal the subordination agreement with Apache and the Debtor, I think we want to have confirmed and part of the Plan of Reorganization. As part of the Confirmation Order, I think that the term sheet also makes clear that, after the effective date, should a dispute arise there is a venue selection clause outside of the Bankruptcy Court. And hopefully that doesn't happen or it doesn't happen for a number of years.

The second aspect that I don't think is absolutely necessary and may take some time to figure out if he -- it references an inter-surety agreement with no terms whatsoever. I don't think that hole or that gap needs to be filled, that was to be the deal among the four sureties.

That hole does not require us to get sign off from the Bankruptcy Court.

THE COURT: Right. But with respect to the dispute that you might have with Apache -- and if we knew what the hole was right now, we would all fill it in, right? But let's assume something comes up as you-all do the formal documentation, there's a hole you-all are going to work through it, probably work it out, but if you don't, does the agreement fail because there's a hole or do you want me to fill it in? I also need to tell you that you just said something different than what the way that I read the term sheet. You said after the effective date matters would return to state court. This says after the case is closed, those are two different things. I don't care what your deal is, I don't want there to be ambiguity.

MR. GRZYB: Yeah. And the actual different term was after the case was closed, so I would defer to the term sheet on that and I apologize for the --

THE COURT: No problem. And again I just -- my whole -- the reason I'm asking these questions is I don't want to get down the road once there's a dispute and then figure out whether I've got authority to deal with it. Let go ahead and -- let me go ahead and --

MR. GRZYB: To answer your question --

THE COURT: -- Mr. Brescia's line, you wanted to

defer to him, it looks like you're thinking about, let's see what he says and see where we go.

Mr. Brescia. Your camera is off, Mr. Brescia, if you care, but your line is now activated.

MR. BRESCIA: Yeah. Thank you, Your Honor. This is Duane Brescia for Zurich American Insurance Company. I've been trying for the last 10 minutes to get my video working and I'm not sure why it's not. So I'll try to speak and hope that, that satisfies the Court.

CLOSING ARGUMENTS ON BEHALF OF

ZURICH AMERICAN INSURANCE COMPANY

MR. BRESCIA: On behalf of all the sureties and for my client Zurich, I do think that what Ms. Russell stated was accurate is that we do have a deal. There is, I guess, the gap filler, Zurich is okay with the Court filling those. Although we think we've filled it in ourselves and believe me we're going to give the next round of documents the same attention to detail and professionalism that all the parties have shown in this to try to get to that, so we don't have to go to you.

Quite a bit of care over the weekend to make sure at least the broad brushes would cover anything so there's not any ambiguity as to what is intended how it's said. Obviously, we have yet to deal with that. So with those issues I would agree with the Court's comment that they can

fill in the gaps. With the exclusion of the inter-surety we're just not there yet on those terms but the role of the surety representative is in place.

The final thing to add, Your Honor, is simply just more of a mechanical issue. We're talking about this term sheet, I just did not see -- and I've reached out to counsel, I'm not saying that they've avoided me they just -- I know they're doing a lot of different things here -- we just want to make sure that there's a spot in the Plan Confirmation Order where the term sheet is officially adopted, and I'm not sure I saw that. So I just open that request to the other counsel involved in the term sheet.

THE COURT: Yeah. I'll direct Mr. Carlson to the extent that he hasn't already done so to be sure that's there.

Mr. Eisenberg.

MR. EISENBERG: Yes. Thank you, Your Honor. Philip Eisenberg on behalf of HCCI International Limited.

CLOSING ARGUMENTS ON BEHALF OF

HCCI INTERNATIONAL LIMITED

MR. EISENBERG: We echo Mr. Brescia's sentiments, and we also confirm that Your Honor would be the gap filler here, I actually had a situation like this in front of Judge Steen many years ago where he had to do that and the parties presented their views and the Court came up with a process

for doing that and -- but we ought to be able to --

THE COURT: Yeah. Maybe I should just --

MR. EISENBERG: -- afford it.

THE COURT: -- just call Judge Steen and see if he wants to do that.

MR. EISENBERG: Yeah. That would be fine by me. And Your Honor, on the inter-surety agreement yeah that is not something we would bring to the Court.

THE COURT: No. I agree. With respect to disputes with Apache for example or with the Debtor, if the final agreements require hole filling and I know no one wants them to be there, but we've all been there where we didn't think of something, I'm supposed to fill in the gap.

MR. EISENBERG: Right. Exactly, Your Honor, when we're doing -- if we have to do the subordination agreement and if there's something that one thinks goes one way and one goes the other way and we can't agree, we'll have to bring that to the Court.

THE COURT: Mr. Miller.

MR. MILLER: Good afternoon, Your Honor. Robert Miller on behalf of Philadelphia Indemnity Insurance Company.

Can you hear me okay?

THE COURT: Good afternoon. I can hear you fine.

CLOSING ARGUMENTS ON BEHALF OF

PHILADELPHIA INDEMNITY INSURANCE COMPANY

MR. MILLER: Excellent. I will confirm our agreements with statements made on the Record by Mr. Brescia and Mr. Eisenberg and Mr. Grzyb that you are the appropriate person to fill in the gaps there, and to see if they exist, we certainly hope there will not be. And as to the inter-surety agreement we also agree that, that's outside the scope of your gap filing purview. So I would like to say that all four sureties are on board with the statements that Ms. Russell made with the obviously the caveat in regards to the inter-surety agreement.

THE COURT: Thank you.

All right. Ms. Russell, I think what you said has been adopted by everybody. Is there anything else you want to add or should we move to Mr. Chiu and see what he has to say?

MS. RUSSELL: If you'll indulge me just briefly. We do need the surety representative designated to us at the effective date so that we know who information needs to be provided to. And finally I would like to think the sureties counsel and the Debtors' counsel for getting this done with us and particular I would like to thank Mike Dane and Tommy Lamb from Fieldwood and Anthony Langley (phonetic) and Brett Cupid (phonetic) from Apache, who were very creative and constructive in helping structure this agreement.

So thank you.

THE COURT: Ms. Russell, I suspect that you were, too, but thank you.

MS. RUSSELL: Thank you, Your Honor.

THE COURT: All right. Mr. Chiu, if I can get you to press five star. Sorry to interrupt you before, I only get a -- it's the same signal I get if somebody wants to talk or somebody objects, so I try and keep that cleared out so that I don't have any pending objections.

I didn't mean to cut you off otherwise, Mr. Chiu.

MR. CHIU: No. Not at all, Your Honor. And apologies again to Mr. Schaible for temporarily stealing his thunder a little bit, so hopefully we can proceed as is.

But again, Kevin Chiu Baker Botts on behalf of Hunt Oil Company and subsidiaries.

CLOSING ARGUMENTS ON BEHALF OF HUNT OIL COMPANY

MR. CHIU: As Your Honor, is aware Hunt is one of the predecessors of consensual agreements with the Debtors, and as indicated before going into the break that Hunt does have a deal with the Debtors and intends to honor that deal. And we certainly stand, as far as that agreement, in support of confirmation of the Plan.

We did reach out to the Debtors' counsel Mr. Carlson and his team before going into -- you know, going into the break with regards to certain mechanical

issues that we had with regards to the Confirmation Order language, and also some other documents include the Plan supplements and the turnkey agreements. I don't know if Your Honor wants to wait until Mr. Carlson is going to be going through and addressing each of those provisions in the Confirmation Order for us to raise our issue, or if we should go ahead and raise them now so you can correct Mr. Carlson accordingly.

THE COURT: I'm a little inclined to wait to where I've got the document, I've got it on the screen, and if we direct a resolution, I can just type it in so everybody knows what it is. Is that okay with you, Mr. Chiu?

MR. CHIU: Yes. That works for the Confirmation Order.

With regards to some of the other documents, we do want to make sure that, when it comes to that point in time, there's a Hunt turnkey agreement that was alluded to throughout this hearing by, you know, Mr. Dane and Debtors' counsel. Hopefully once that gets resolved with regards to the confirmation language, the Order language that is part of that agreement will get filed promptly before entry of the Confirmation Order. And that the Plan supplement documents that particularly the oil and gas lease schedules for Fieldwood Three and the abandoned properties, will be updated accordingly to encapsulate the terms of our

agreement with the Debtors. But other than that, we certainly thank the Debtors for their ongoing efforts to move this deal forward and stand in support of confirmation.

THE COURT: Mr. Chiu, thank you.

Mr. Carlson, when we get to you, I will need to understand whether the Plan supplement is going to all be updated before an Order would be entered. So you can wait and address that, but let's not forget the issue that Mr. Chiu is addressing.

Thank you, Mr. Chiu.

MR. CHIU: Thank you very much, Your Honor.

THE COURT: All right. Who else do we have that wishes to make any statement in support of confirmation?

(No audible response.)

THE COURT: All right. Does it make some sense to sort of abort the game Plan and now go to statements in opposition of confirmation, and then take up the Confirmation Order? Because I think a lot of people have told me their objections are close to getting resolved, and it may make some sense to hear those and then be sure we can fix it in the Confirmation Order. So unless there's a problem by the Debtor, I think I'm just going to come back to Mr. Carlson while he continues to work on revisions as people tell me their objections.

So let me ask the first party that wishes to speak

in opposition to confirmation to do so?

All right. Yeah. Let's hear from BP. Go ahead, please.

MS. HEYEN: Thank you, Your Honor. Shari Heyen for BP.

CLOSING ARGUMENTS ON BEHALF OF BP

MS. HEYEN: We were able, likewise, to speak during the break with Mr. Carlson and we've made some progress on our language as well. And so I just rise to let Your Honor know that if the language -- if we're close on our language, I don't really know how much time we're going to need for our closing. So it might be helpful to find out where Mr. Carlson is with respect to our language. And we can do that now.

THE COURT: So what you're telling me is that we're better off going to Mr. Carlson before I listen to the objections, I'm perfectly happy to do that.

MS. HEYEN: Yes, Your Honor. From where we sit, yes. Because we're pretty close.

THE COURT: I'll change course. We'll go back to that.

All right. Mr. Carlson --

I'm going to leave you on, Ms. Heyen.

Let's get Mr. Carlson on.

MS. HEYEN: Thank you.

THE COURT: And then we'll come back and pick up other objecting parties.

So I'm going to not recognize Mr. Alaniz and Mr. Kuebel

I want to go to Mr. Carlson before we get to them.

And then we'll come back and you're going to have a full chance to make your objections.

All right. Mr. Carlson, where are we on the Confirmation Order? Let's start with the BP disputed provisions or whatever we want to call them.

MR. CARLSON: So Your Honor, yeah, we have made quite a bit of progress and we're working through several objections. For BP I do think we're very close. We have narrowed it down to just two issues. And not long before this call, some revised language was sent around, and I think we are -- I think from the Debtors' perspective the revisions are acceptable, but we are waiting for sign off from other consenting stakeholders.

THE COURT: Do you have those in a form right now on your screen that you can show me?

MR. CARLSON: Yes. Just give me one second.

(Pause in proceedings.)

MR. CARLSON: Sorry, just one second, I'm trying to find the email here. It never came in.

I would ask Ms. Heyen, which associate sent across

that language, I'm just having trouble finding it right now.

MS. HEYEN: It was Mr. Ryan Wagner of Greenberg Traurig.

MR. CARLSON: Ah. Thank you.

(Pause in proceedings.)

MR. CARLSON: So Your Honor, I think it's really just two issues we're down to. Number one, this reservation of rights language regarding arbitration rights. And then number two, they're set off and so this is proposed -- BP's proposed addition to 128(9).

THE COURT: And is the Debtor okay with that revision?

MR. CARLSON: Yes, Your Honor. We're fine with this. We think it's not doing anything other than to the extent they have arbitration rights are valid in any rights. That this Order would not upset those rights.

THE COURT: So hold up then --

MR. CARLSON: -- but I haven't --

THE COURT: Mr. Kuebel and Mr. Alaniz, I'm about to not recognize you-all on purpose. So I'm going to make you-all repress five star, when you need to, which may be right now.

Is there any party that has any problem with the language shown on the screen in proposed paragraph 128 sub (9)? If so, please press five star.

Mr. Perez. Mr. Perez, you pressed five star.

MR. PEREZ: Yes, Your Honor. Obviously, I don't have any issue with it, but we do -- this is part of the consent that the FLT lenders have pursuant to the RSA, so I want to make sure that --

THE COURT: Right. I want to hear not consent or consent. We can't just -- I don't know else to get that sub. I'm about to talk about doing another thing than the way we're going on it. But on this one, if they've got a problem, press five star and let me hear it. If they're okay with it, they're okay with it.

Okay. Let's go to the next BP issue and then I want to maybe change course a little bit. What's the next BP issue?

MR. CARLSON: So I think that captures it. Then the rest of the changes that you see here on the screen, I think we're fine with the changes in 10 as well. The only question I have here, I think, is as permitted under the Plan language regarding set off has been a -- has been a subject of dispute and discussion involving lender's counsel as well, so I'm not prepared to say that we're signed off on that language yet.

THE COURT: What's going to take -- who needs to sign off on that or reject it from your team?

MR. CARLSON: We have a similar language issue

with XTO, and I think there's been back and forth emails on that point where we had said -- and I don't want to get out of focus -- but I think we had said something a little bit differently. I would ask the Davis Polk team, I think that they may have proposed language here that may have resolved this whole complaint.

THE COURT: Let me go where I was going to go then. I really do want to end the Confirmation Hearing at some point, and there may be people that have objections where they don't anticipate that they are resolvable through the Confirmation Order. Someone has a substantive objection that we're taking away one of their rights for example. Other people believe it's going to get resolved in the Confirmation Order.

Here's what I would like to propose, and I want to see if this works without causing undue delay. I know it's expensive every time we adjourn. Is let your people who believe that they have objections that are not resolvable by language in the Confirmation Order. If we sustain an objection or overrule an objection, that will then inform where we need to go. And then adjourn until 1:30 tomorrow to let the balance of the language work or not work, preserving for everyone, for example, Ms. Heyen, if the netting language can't be worked out, she can make her full objection without any waiver tomorrow, but that way she'll

know for sure whether it's made. So I'm not going to cut off anybody's rights to make their full objection tomorrow if they don't make it today.

But I'm sure we have some people that think their objection is not resolvable in the Confirmation Order and, you know, that they need to be totally cut out of the provisions of the Plan or the Plan shouldn't be confirmed or something like that. If there's somebody that thinks they can't resolve it by working with the Order, let's hear from you now. And does anyone have any problem then coming back at 1:30, and we will then -- we'll then know if there are things that you-all can't voluntarily work out and we'll take them up at 1:30. Looks like nobody has a real problem with that.

So let me now hear from anyone that has a non-resolvable objection.

Mr. Alaniz, a non-resolvable objection by you.

MR. ALANIZ: Yes, Your Honor. Omar Alaniz on behalf of Hess Corporation.

CLOSING ARGUMENTS ON BEHALF OF HESS CORPORATION

MR. ALANIZ: Well, I want to be clear, I -- well, we have an issue that I think is resolvable with language, and I emailed Mr. Carlson, and I know he's got a lot going on, but I've not heard back. So I think we can work out some language in the Confirmation Order.

I do, however, have a very short closing argument, and so I will just take the Court's direction as to when you want to hear that.

THE COURT: Now. Let's do it now.

MR. ALANIZ: You want to hear it now? Sure.

THE COURT: Yeah, because I assume it's closing --

MR. ALANIZ: Okay, Your Honor.

THE COURT: -- argument where you're telling me that I shouldn't confirm the Plan as it is and it's not going to be worked out with confirmation language. Right?

MR. ALANIZ: Correct, and then I think we have some that will be fruitful.

THE COURT: Right.

MR. ALANIZ: Hopefully it'll be resolved.

THE COURT: I got it. I got it. Go ahead.

MR. ALANIZ: Okay. So, Your Honor, I would like to begin by being clear about what we are not arguing. We are -- well, we are disappointed that Fieldwood is not complying with obligations under regulations and contractual agreements to P&As. We understand that Hess has obligations under applicable regulations which include decommissioning. Hess is not trying to escape its obligations.

And we very much appreciate the Government's efforts to negotiate the agreed activities. We appreciate the Debtors agreement to perform the agreed activities which

does ameliorate some of our health and safety concerns. The health and safety concerns have been paramount to Hess throughout the entire time that we've been in dialogue with the Debtors.

In my examination of Mr. Dane, Your Honor heard him discuss outstanding income to West Delta properties, and as Your Honor reads the comments in the Debtor's Exhibit 99 that correspond to those things, you'll see some of those health and safety concerns. Mr. Dane testified that he was committed to performing those activities to clear up those things, and that representation was very important to Hess.

I then moved on in my examination to address the fact that the Debtors intend to abandon the West Delta properties and leave those properties with hydrocarbons. And Mr. Dane testified that he knew that it's been a focus to Hess, that in connection with the Debtors' abandonment that the properties be left hydrocarbon free.

And, Your Honor, I went back and I looked into Mr. Dane's testimony last night, which is at Docket K4, and if Your Honor were to go back and listen at the second hour, 10:18, you'll hear him say these words, he says, Safe-out activity is a very delicate activity. You're removing hydrocarbons from a facility. It needs to be done in a very careful manner with very qualified individuals.

And, Your Honor, we couldn't agree more. It is a

delicate activity. And Hess's focus, as corroborated by Mr. Dane, has been this hydrocarbon issue precisely because of the delicate nature of handling hydrocarbons. And I would also encourage Your Honor to listen to Mr. Dane's testimony that begins about the two-hour mark where I asked Mr. Dane a series of questions regarding the Debtors' willingness to perform the safe-out work, specifically the hydrocarbon free work for any in Chevron's but not for Hess.

And he had two responses. His first response was that the Debtors believe that to safe-out the properties at their cost was in the context of a broader commercial term fee arrangement and Hess and the Debtors simply could not come to that agreement. In other words, and these are not his words, these are my words, the Debtors are saying that if Newco can profit off a long term commercial arrangement to perform P&A, then they will perform the safe-out at their cost, and leaving those properties hydrocarbon free.

His second response was that they're basically stretched too thin with other commitments and they can't handle the additional RCL safe-out work. And so those two statements to me are a little bit contradictory. So on the one hand he's saying, Well, we would do it if you would give us a proper opportunity, at least that's my interpretation. But on the other hand we actually don't have the bandwidth to do it.

And so given all this testimony, Your Honor, so the Court's really -- ultimately what our legal arguments that we set out in our brief, which is that the Debtors' not treating similarly situated creditors in a similar way. And this isn't a classic disparate treatment issue where the Debtors are agreeing to pay one creditor 75 cents and the other one, this claim contemplates arrangements with some predecessors to perform certain work. Literally safe is in that title. Safe out work. But they're essentially throwing the keys to others with platforms that are filled with leftover fuel hydrocarbons that Mr. Dane testified need to be removed in a very careful manner with qualified individuals.

So to be clear, this isn't a concern of one creditor getting more money in their pockets than Hess. It's that the Debtors are agreeing to perform environmental safe activity for some predecessors but not others. And those facts also support Hess's argument that as a legal matter the Debtors' Plan cannot be confirmed because of *Midlantic,* which says that the Debtor cannot abandon properties in contravention of a regulation designed for health and safety.

Now I heard Your Honor loud and clear this morning, and I understand this Court's interpretation of *Midlantic* and the fact that the Government isn't objecting to

the Plan under this, Your Honor -- it sounds like Your Honor is going to hold that *Midlantic* does not preclude confirmation. We respectfully disagree but we understand it's going to be an issue that we'll need to take up on appeal.

But before I rest, Your Honor, the last thing I want to leave the Court with --

THE COURT: I want to go back to before you even leave the argument. You're right, I'm going to overrule your *Midlantic* objection you made in the brief. I don't think that you have the -- you can't assert the Government's *Midlantic* rights. The Government needs to use its *Midlantic* rights as it determines it needs to do to maximize the health, safety of the environment. I don't think that you can assert them, you particularly can't assert them in a case where the Government has, in fact, ostentatiously not objected for lack of a better description of what they have done.

With respect to the equal treatment, I don't understand where that falls under 1129 when you're not identically situated to someone else. You have an analogous situation to someone else. Safe-out of your facility is different from than the safe-out of their facility. They're just both safe-outs.

So where under 1129 does this objection fall?

MR. ALANIZ: Yeah, Your Honor, the tie here was 1129(a)(1), the Plan does not comply with the applicable provisions of this title, and then we tied that to 1123(a)(4) that says a Plan must provide the same treatment for each claim of a particular class.

And you're right, Your Honor, this is sort of an analogous argument in that, you know, really it's just a matter of sort of the unequal treatment in the fact that you're treating one creditor like Eni or Chevron in a way that is very different than the way that they're treating us.

And that's the argument. I understand (glitch in the audio) --

THE COURT: So, look, I think that your client is an unsecured creditor and you should be getting the same unsecured type claim that everyone else gets. But if in furtherance of *Midlantic*, in keeping with priorities that the Government doesn't object to, their decision is to safe-out one and not safe-out another. I don't see how that fits into equal class treatment, and you're saying it doesn't, it's just kind of analogous to equal class treatment, and I think that fails under a *Midlantic* -- specifically fails under a *Midlantic* standard. We need to maximize environmental protections.

And I haven't heard, in addition to sort or on a general good faith standard, that there has been a

comparable commercial reason to do yours as there has been to do others. And, you know, if you want to put up the kind of money, or make the kind of concessions others are making, I might cross into some good faith area, but I've heard no evidence about that.

So as to that objection I'm going to overrule it and let you move down to your final -- or however many more you have. I think you said you have one more.

MR. ALANIZ: Well, no, Your Honor, it's really just to make a point that I -- we hope is non-controversial, but, you know, just the statement that the Plan should not set off Hess and the other predecessors in the chain of title with an increased risk that a man or woman that they are forced to send out to one of these facilities to remove -- deal with hydrocarbons does not come home at night, like if either of us commits to do with other predecessors which is commit to remove hydrocarbons from the West Delta property, and that's the only statement that we wanted to make, Your Honor. So that --

THE COURT: So I am going to require that a provision go in the confirm Order that to the extent that Hess elects, and Hess is not required to elect, but to the extent that Hess elects to take immediate or at some point down the road later possession of the property, that it is required to administer as a predecessor-in-interest.

The provision will require that the Debtor promptly cooperate in transferring the assets to them that require retirement work to be done, and to do so with all due haste in compliance with applicable federal regulations. So that if Hess believes for example that it is being required to send an employee into a dangerous situation, I want it as quickly as it can under federal law to be able to take over the asset and the Debtor shouldn't be able to stand in the way by delaying the abandonment. The Debtor has to cooperate with immediate abandonment consistent with federal law if Hess so demands.

And I think that then resolves that by putting control in Hess's hands to the maximum extent it can be. Is there any objection to that either by Hess or by the Debtor to including such a provision?

MR. PEREZ: Your Honor, --

MR. ALANIZ: No problem here, Your Honor.

THE COURT: Mr. Perez?

MR. PEREZ: (No audible response.)

THE COURT: I think I heard Mr. Alaniz say, No problem here, and I didn't hear Mr. Perez.

MR. PEREZ: Yes, Your Honor. Am I on the line?

THE COURT: You are.

MR. PEREZ: Okay. Your Honor, we don't have any objection, but that is, in fact, what the transition

services are intended to do. And we will obviously cooperate and provide and, you know, provide what's required under the transition services. I certainly don't want Mr. Alaniz to think that what the Court has ruled is that we have to safe-out these properties before --

THE COURT: No, I didn't say --

MR. ALANIZ: -- before they are transitioned.

THE COURT: -- no, no, no, I didn't say that at all. What I'm saying is if Hess believes that you're putting some of its employees in danger, unless I'm misunderstanding the whole purpose of the transition agreement, the minute Hess is ready to take over, the transition service agreement at that point terminates as to the Hess properties. This is the way I think that that works.

And what I'm saying is that once Hess is ready, I don't want their employees endangered either, nor do you. And at that point you can't delay them, there's not going to be any further negotiations, consistent with federal regulations in terms of how you would do the transition to Hess, and --

MR. ALANIZ: Right.

THE COURT: -- I don't know what type of permits they would need to have in order to take over, Mr. Alaniz, but whatever you all need to do to be able to take it over, they have to immediately engage in compliance with that.

And, Mr. Perez, I think that's consistent, not inconsistent, with the Transition Services Agreement. But I don't remember anything in the Plan that is part of the abandonment that requires you to engage in a transition to the predecessor-in-interest on a hasty basis. I'm saying as hastily as you can so long as it's consistent with the transition required by Mr. Velasco's friends.

MR. PEREZ: Absolutely, Your Honor. Obviously we're spending, you know, a million-plus dollars a month to make payments during the transition, so if everybody was prepared to do the transition on the effective date, I'm sure Mr. Dane would welcome that.

THE COURT: I got that. I just -- we've all been in situations where someone can then say, Well, let's reopen the negotiations about how this ought to happen. And I'm saying, No, when they're ready, they get it.

MR. PEREZ: Okay.

THE COURT: Okay. Let's put that in the Order.

And then, Mr. Alaniz, tomorrow you'll be able to worry about the language in the Confirmation Order not only on that issue but on other issues. And if they don't satisfy any other issues, you can then make your further objection if that works for you.

MR. ALANIZ: Yes, Your Honor. Thank you.

THE COURT: All right. Does anyone else have what

I will call an unresolvable objection with respect to negotiating terms of the Confirmation Order? We do have someone. Let me see who that is. I don't know if that was Mr. Perez raising his hand again when he was already authorized to speak.

Okay. So no one else has something that they think isn't going to -- wait, Mr. Eisenberg, you do. Mr. Eisenberg, go ahead, please.

MR. EISENBERG: Thank you, Your Honor. Are you able to hear me?

THE COURT: I can.

MR. EISENBERG: Thank you, Your Honor. Just I'm not sure if my technology may work or not.

We had sent language to the Debtors and I don't know if this is unresolvable, but we have -- we've been talking to them about Paragraph 13A, particularly the subrogating -- the language with regard to the claims for subrogation and the recent occupation and things of that nature.

And certainly we think we can -- I think there's language that satisfies me, I don't know if the same language satisfies them. We're certainly willing to spend some time talking about it with them and then preserving the argument for tomorrow, Your Honor, so.

And I know also my colleague, Mr. Kuebel, is

taking his wife out for her birthday tonight, and so I don't want to (indiscernible).

THE COURT: Look, we've talked quite a bit about what that language needs to look like today. That may help inform some overnight negotiations. But all of your rights to make objections are going to be preserved if you don't get the language there. That's language that I think ought to be worked out that sort of said in about 18 different ways what I think it needs -- what I'm going to order that it says.

It may very well be, and, Mr. Eisenberg, I would regard this as totally fair, that you -- and the same goes for you, Mr. Perez, I know I've said some things that both sides don't particularly like in this area, so you can each agree to language that you think is consistent with the way that I have ruled, and preserve your right to object to the ruling, you're not agreeing to the outcome, you're only agreeing to language and what I've ruled. That may make this a little bit easier because I'm not looking to have you be kowtowed into waiving some appellate right because you're complying with an Order that I've already made.

MR. EISENBERG: We understand that, Your Honor. We appreciate that, and will continue to talk with the Debtors and the other parties constructively to try to close whatever gaps that exist. Thank you.

THE COURT: All right. So I did receive from

Locke Lord an envelope with a flash drive, and I've received from Weil an envelope with a flash drive. I've opened the envelopes and I've not looked at the flash drives. I'm going to assume that they are irrelevant now and just throw the away and not make them part of the Record, because overnight I assume that whatever you sent me will now change.

So if you would send me new flash drives tomorrow, but for now I'm going to toss them. Unless somebody thinks I need them as part of the Record. I do not think I do. They weren't shown, I haven't read them, they weren't filed.

(No audible response.)

THE COURT: Okay. They're gone. Anyone else have anything you want to talk -- oh, let's see, I do have somebody else. Mr. Kuebel.

MR. KUEBEL: (No audible response.)

THE COURT: You've got your own line muted.

MR. KUEBEL: Oh, I certainly do. I apologize, Your Honor. Can you hear me?

THE COURT: I can. Would you wish your wife well tonight?

MR. KUEBEL: Thank you. It's a milestone birthday for her this evening. I appreciate that, Your Honor.

I actually think it's a very constructive idea to come back at 1:30. We do have language outstanding. We did send over to the Court language that we thought was

consistent with the Court's instruction, and if we have to take it up tomorrow, we can take it up tomorrow. Hopefully it'll be resolved in between now and then.

THE COURT: Thank you, sir.

Mr. Zuber.

MR. ZUBER: Good afternoon, Your Honor. Scott Zuber --

THE COURT: Good afternoon.

MR. ZUBER: -- on behalf of Berkley and Sirius.

CLOSING ARGUMENTS ON BEHALF OF

BERKLEY AND SIRIUS

MR. ZUBER: We also have had some discussions with Debtors' counsel and other stakeholders involving some language, in particular with respect to Paragraph 5.13A of the Plan, and we also suggested some minor tweaks to Paragraph 10K of the Plan Confirmation Order. And I thought we had made pretty progress, but we didn't really connect with what we hear on the Zoom so I think that given the opportunity to continue this hearing till tomorrow may be helpful to get resolution there.

The other issue, I'm not sure if it's resolvable or not, is we still have a standing objection with respect to the exculpation provisions. Perhaps we can work that out as well. Perhaps we'll have to do that tomorrow, unless Your Honor required that be done now. But I think reserving our

arguments for tomorrow makes sense and see what works out.

THE COURT: No, look, I just want to trust everybody's judgment on this. If you think that there's a decent chance you're going to work it out, and let -- you can make your argument tomorrow. And I'm not going to second guess your judgment that you thought you'd work it out. But, you know, if you want to make an argument right now, I'll listen to it right now, but it makes more sense if you think you're going to work it out to just defer the argument without prejudice till tomorrow. So let me just trust your judgment and not my own.

MR. ZUBER: Yeah, as long as we reserve all arguments for tomorrow I'd prefer to reserve and see what we can get accomplished.

THE COURT: You and all others do, so thank you.

I show --

MR. ZUBER: Thank you, Your Honor.

THE COURT: -- Mr. Peck has an issue.

MR. KADDEN: Good afternoon, Your Honor. This is actually Benjamin Kadden --

THE COURT: Mr. Kadden.

MR. KADDEN: -- on behalf of Atlantic Maritime Services.

I wanted to just confirm that -- the Court's intent to take up our motion for relief from stay at the conclusion

of the Confirmation Hearing tomorrow, at the same time of confirmation. Just wanted to confirm that timing.

THE COURT: I have not been thinking about that. I know that I promised to take it up at the end of confirmation. Does it make the most sense to do it tomorrow, or to do it now? I think tomorrow, but if you think it makes more sense now, let me know. I know I made you the promise, I just haven't worried about it. But I'm going to keep my promise.

MR. KADDEN: At the conclusion of confirmation is fine, Your Honor.

THE COURT: Thank you, Mr. Kadden.

Mr. Langley.

MR. LANGLEY: (No audible response.)

THE COURT: Mr. Langley?

MR. LANGLEY: (No audible response.)

THE COURT: I think you may have your own line muted, Mr. Langley.

MR. LANGLEY: You are correct, Your Honor. Do you h hear me now?

THE COURT: I can. Thank you.

MR. LANGLEY: We do have some legal objections to the Plan pending. Do you want to hear those now or tomorrow?

THE COURT: I want to hear them now, unless you

believe that they're resolvable by Confirmation Order language.

MR. LANGLEY: I do not.

THE COURT: Then let's hear them now. Go ahead.

MR. LANGLEY: Thank you. And we do have some language issues pending, and so I'll leave those aside. And, Your Honor, Keith Langley on behalf of Travelers, Liberty Mutual, Hanover and XL.

CLOSING ARGUMENTS ON BEHALF OF TRAVELERS, LIBERTY MUTUAL, HANOVER AND XL

MR. LANGLEY: We are four sureties that have issued approximately 220 million in private bonds on behalf of the Debtors. And I have three issues to present to the Court.

The first issue is jurisdictional. I'm here to change your mind on *Midlantic*, and so I'm going to talk about that. I then want to talk about oil and the Gulf and suretyship. And with Your Honor's permission I'll address those issues.

THE COURT: Thank you, Mr. Langley. Go ahead.

MR. LANGLEY: Your Honor, the first issue is the impacts of the Debtors in seeking to abandon depleted assets without addressing the environmental responsibilities required of an oil and gas operator in the Gulf. If a Plan violates the law, which the abandonment of these properties

would, the Plan cannot be confirmed under 1129(a)(3).

The Debtors have not established that the Plan is in the best interest of creditors versus a liquidation under 1129(a)(7). And the treatment of surety bonds across the board including a mistaken belief that a bond issued on behalf of Fieldwood can remain in force and can be used by a successor entity without assumption, cure or indemnity.

A surety bond -- we've heard about policy and a surety bond is not insurance, and there can be no bond without a principal. Yet here the Plan envisions that the bonds continue to exist without a principal, and this would violate the law about suretyship and makes the Plan unconfirmable under 1129(a)(3). And the --

THE COURT: Well, what happens --

MR. LANGLEY: -- probably the Plan --

THE COURT: -- what happens under applicable non-bankruptcy law if a principal induces a surety to issue a bond and a surety issues the bond, and the principal then dissolves its existence. So they just go to state law --

MR. LANGLEY: Thank you --

THE COURT: -- you know, let's take a Delaware corporation and they go dissolve. What happens to the bond?

MR. LANGLEY: The bond is a tri-part by a three-party agreement and it runs to the obligee on behalf of the principal. So we could talk about that a lot, but I think

where Your Honor is going is a jurisdictional issue, a *Midlantic* issue and how that impacts suretyship and bankruptcy --

THE COURT: Well, no, I'm not. I'm actually trying to deal with -- you said as a matter of law that a bond does not exist if there isn't a principal. I think that's pretty much a quotation of what you just said. My question to you is --

MR. LANGLEY: Yes, sir?

THE COURT: -- under applicable non-bankruptcy law if the principal dissolves, what happens to the bond?

MR. LANGLEY: The bond is still there, Your Honor.

THE COURT: So how is your statement accurate?

MR. LANGLEY: The fact -- because you -- to have a new -- a bond in existence for a risk, you have to have a principal. And here there's no principal. Newco would take assets without being liable on the bond.

THE COURT: But Fieldwood was the one that was liable on the bond, and Fieldwood remains liable via an unsecured claim. Right?

MR. LANGLEY: Yes, sir.

THE COURT: So I don't understand -- I just didn't -- I don't think that your statement of law is consistent with what you're telling me because it means that

just as in applicable non-bankruptcy law, if there is a dissolution, that your client's obligation under the bond would not be altered. Under bankruptcy law their obligation under the bond isn't altered either. It's not enhanced either, but it's not altered merely by dissolution or merely by confirmation of a Plan.

Unless there is an alteration, and maybe there is. But I don't see what that alteration is from merely the dissolution/confirmation.

MR. LANGLEY: I think that's a good argument. I think there's 50 percent on the right hand that you're arguing and 50 percent on the left hand, and without a principal you don't have a bond. And here I think the Plan does impair those rights.

THE COURT: No, I --

MR. LANGLEY: And I think that --

THE COURT: -- but I guess I'm -- you just said this again, without a principal you don't have a bond. Without a principal you don't start a bond, but you've issued your bond. How is it possible under your answer to my question that without a principal you don't have a bond? That can't be an accurate statement.

MR. LANGLEY: Well, imagine two things. In Fieldwood One, Fieldwood, where they abandon an asset like the Spar, the Spar is abandoned. Now the bond is still in

effect and the issue is a jurisdictional issue going to clean up of oil in the Gulf. And then you have Newco, which might take over an asset, and in that instance the Government looks to Newco and the existing assets, which include an argument about the bond. We don't think it's an asset of Fieldwood and we think that produces a problem, Judge.

THE COURT: You're making several arguments and I'm trying to deal with them one at a time. I want to deal with your issue that says no principal, no bond. And I don't understand that that is the law. And from what you've told me, if there is a dissolution, there is no principal, but there is still a bond. And then we can move to your jurisdictional argument, which is a completely different argument. And I'm happy to move there. But I'm telling you, I don't understand the no principal, no bond argument as being consistent with non-bankruptcy law.

MR. LANGLEY: Well, just thinking on that one no principal, no bond issue, Judge, the problem is tomorrow with Newco there's no principal but there is an asset which is covered by the bond. So you have an argument about does the bond continue in full force and does that provide a protection to the Government. Now we argue the answer is no.

THE COURT: So what does that have to do with the

no principal, no bond issue? I understand your argument that the transfer of the asset might obviate the bond, but that's not the argument you're making. You're telling me no principal, no bond. Those are different issues. Tell me why this -- why no principal, no bond concept matters to me.

MR. LANGLEY: Well, I think I am saying that, Judge. I might not be saying it very well, but I think the problem becomes when Fieldwood exits stage left, and the permission is given by this Court to exit stage left, you're left with a surety and an issue of where do you get indemnity rights, subrogation, and exoneration on that bond other than -- no one is left --

THE COURT: Well, no, there's an unsecured claim against Fieldwood. That's the credit risk your client took.

MR. LANGLEY: There's an issue as to who owes what relative to that oil in the Gulf.

THE COURT: And what does the oil in the Gulf? Okay. So I am -- I will just tell you, I don't understand no principal, no bond. I'm overruling that as an objection because the argument makes no sense to me.

So let's go to your next argument, which may be that the transfer from what you're telling me causes a problem separate from that. So what happens under applicable non-bankruptcy law if your principal transfers an asset in violation of the bond? What happens to your bond?

MR. LANGLEY: You have a bond defense issue there, Your Honor, and that is an increase in the risk on the bond and a material --

THE COURT: So I have an obligee that got your bond, you guaranteed to pay you told me $220 million in clean up costs, and your obligee does not make -- does not do anything, they sit still, and the borrower transfers -- I'm sorry, the principal transfers the asset. You're telling me the obligee loses its bond under that situation under non-bankruptcy law?

MR. LANGLEY: You have an issue there, Judge, about the amount that the bonding company owes in that circumstance and who else owes in that circumstance.

THE COURT: Well, let's start with whether the obligee can collect its $220 million. So the Debtor, the principal, transfers its asset on its own, that's not illegal, it simply violates your contract. Does it -- do you have an argument that your client's penal sum is not still callable by the obligee?

MR. LANGLEY: If the obligee is a party to that issue you mentioned, yes.

THE COURT: They're not. The Government has not authorized --

MR. LANGLEY: In your hypo, they're not --

THE COURT: -- that the Government has simply not

objected to it.

MR. LANGLEY: If the Government -- the Government gets to set under its regulatory powers the amount of financial responsibility to operate that asset. And so setting that financial responsibility amount impacts the liability on the bond.

THE COURT: What does that have to do with whether the principal transferred the asset in violation of the bond but not in violation of the law?

MR. LANGLEY: Well, we argue that a transfer is in violation of the law, Your Honor.

THE COURT: Okay. What law does it violate?

MR. LANGLEY: *Midlantic*.

THE COURT: I am overruling an objection that the transfer of --

MR. LANGLEY: Got it.

THE COURT: -- an asset that is environmentally troubled violates *Midlantic* unless those who are responsible in the Governmental regulatory position in both in *Midlantic* rights, I do not believe as a matter of law that a bond issuer may invoke *Midlantic* rights for a number of reasons.

First, the situation in *Midlantic* is not a bond issue. The situation in *Midlantic* in terms of being fact specific were Governmental entities that were objecting.

Midlantic makes clear that it is inconsistent

with the language of the Bankruptcy Code and therefore its exception to the Bankruptcy Code should be extremely narrowly tailored. I am extremely narrowly tailoring it and holding that it applies to Governmental units.

Number two, the public policy reason behind *Midlantic* was to encourage and make available clean up of environmentally hazardous sites as -- if regulators otherwise objected. If, in fact, we allowed parties other than the Government to exercise those rights, we're going to end up with orphaned properties.

By way of example, in this case there simply are not enough assets in Fieldwood's possession and control. And by the way, its asset do not include the penal sums on the bonds, and never did. They have no right to the penal sums on the bonds. It would mean that we were left with environmental hazards if those were ratably put across all environmental issues.

And so if we did that, we would have orphaned properties that could not be cleaned up because they will be properties without predecessors-in-interest available potentially to clean them up. And the Government needs to exercise its discretion as to when and how to apply *Midlantic* to maximize the environmental rights.

The Supreme Court has simply not ruled that a private litigant can overrule the determination of the

Government with respect to how to handle environmental matters and simultaneously ask a Bankruptcy Court not to invoke the provisions of the Bankruptcy Code. There's no Supreme Court authority for that, not 5th Circuit authority for that. And I am not doing that. I'm overruling the objection.

Go ahead.

MR. LANGLEY: Okay. Thank you, Your Honor. The issue that -- I want to make sure if I stated clearly or properly is that a transfer to a new principal does result in discharge of the surety, and we have public policy issues around that that sureties are key to operations in the Gulf to --

THE COURT: Wait, wait, wait, wait, you're telling me --

MR. LANGLEY: -- contain it --

THE COURT: -- that this goes back to the example where I thought you said it didn't. I'm talking -- the example we have here is the principal transfers a property in violation of the bond, the obligee does not do that, that you're telling me that under non-bankruptcy law the surety's obligation to the obligee is discharged because the principal did something that's inconsistent with the bond?

MR. LANGLEY: I think that, Your Honor, the obligee had a duty under the bond to act responsibly and had

to act in this bankruptcy case responsibly on that issue. So, yes, I think there's a fact issue as to what the obligee has done to permit a transfer of the principal.

THE COURT: Great. Tell me what evidence you have to support that argument then, because if you're telling me that there is evidence that the obligee has acted in a manner in bad faith under the bonds, what was the evidence that was introduced at the hearing to support that argument?

MR. LANGLEY: Your Honor, I don't know that it's a bad faith issue, I think it's a totality of the circumstances of what is done as it relates to the bond in default.

THE COURT: What's the evidence then? Give me the totality of the circumstances of it. I don't know of any evidence that you introduced, or that anyone else did, that supports the argument. But I'm willing to have you refresh my recollection. Tell me the evidence that under the totality of the circumstances that something has occurred here where I should determine that the bonds would not be enforceable.

MR. LANGLEY: I don't think you would determine that, Your Honor. I think that would be an issue of -- between the surety and the obligee, and it would be the actions taken in this bankruptcy.

THE COURT: What evidence is there that any actions in this bankruptcy would precipitate that result?

MR. LANGLEY: I'm not in a position to go into that, Judge.

THE COURT: Okay. I'm going to overrule as a matter of law that the actions that are being undertaken by the Debtor and by all of the parties to the bankruptcy case that are acting in cooperation with the Debtor have been undertaken in the utmost good faith to maximize the principles of *Midlantic*, and that no party who failed to introduce any evidence in support of what I regard as a specious argument, may subsequently raise the issue that there was any wrongdoing that occurred in the bankruptcy case. The evidence is overwhelming that it's not.

And that is one of the reasons why, in furtherance of *Midlantic* and in furtherance of 5th Circuit law, I'm ordering exculpation for these actions. We're never going to get matters cleaned up if we allow parties to put up road blocks and say, If you work on cleaning up the environment publicly in good faith with the cooperation of all parties concerned and with the Government not objecting, we can't let private parties endanger the environment the way your client is trying to do it.

I'm overruling the objection and I'm finding this is not subsequently challengeable. What's your next argument?

MR. LANGLEY: Then I rest, Your Honor.

THE COURT: All right. Mr. Langley, I'm being very

blunt because I want you to have a good Appellate Record, and I think I'm ruling correctly.

MR. LANGLEY: I appreciate that.

THE COURT: I have zero problem that you're making the arguments, but without evidence, you know, I'm not sure on what basis I would ever rule any other way when there was a complete absence of evidence of anything other than utmost good faith.

All right. Let me move to the next person. From 630-790-0261.

MR. KOOY: Good morning, Your Honor -- or good afternoon, Your Honor. Ralph Kooy on behalf of one of the other non-Apache sureties, North American Specialty Company. I'm in a similar situation as Mr. Zuber.

CLOSING ARGUMENTS ON BEHALF OF

NORTH AMERICAN SPECIALTY COMPANY

MR. KOOY: We've been exchanging language with respect to the subrogation, and actually my partner's been involved in those discussions. And with respect to the reservation of the surety's rights with respect to other obligees. In our specific cases E&I and Chevron and Union, I believe we're going to resolve those, but I just wanted to reserve the right to make our argument tomorrow.

THE COURT: Of course. Thank you for letting me know, Mr. Kooy, and your rights are reserved. And hopefully

the language will get worked out.

Mr. Perez?

MR. KOOY: Thank you very much, Your Honor.

MR. PEREZ: Did you call on me, Your Honor?

THE COURT: Yes, sir.

MR. PEREZ: Yes. So, Your Honor, just for to inform the Court, I think it was appropriate to go after counsel. We did file an adversary proceeding and a motion to impose the automatic stay with respect to the lawsuit that NAS filed over -- last Friday against Eni and Chevron because of their actions in furtherance of the Plan.

So, Your Honor, we've requested an expedited hearing. Obviously to the extent that we can solve -- resolve this consensually, that's great. If we can't, as you know we'd request that the Court set it for a hearing perhaps after the end of the Confirmation Hearing.

UNIDENTIFIED SPEAKER: And, Your Honor, I apologize, I haven't had an opportunity to review that yet, having just came in.

THE COURT: I'm not going to set it right now, and I haven't read it. And when -- I would really doubt that there is going to be somebody else -- as I recall, you removed the lawsuit into Federal Court anyway. Isn't that correct? Or no?

UNIDENTIFIED SPEAKER: Your Honor, the -- yes, the

lawsuit was filed on Friday in Federal Court. It's not a removed case, it's a new lawsuit.

THE COURT: Sorry, in Federal Court here or in Federal Court somewhere else?

UNIDENTIFIED SPEAKER: No, in Federal Court upstairs here. I believe it was filed as an adversary in the bankruptcy, wasn't it?

UNIDENTIFIED SPEAKER: I don't believe so.

THE COURT: So --

UNIDENTIFIED SPEAKER: The United Stated Bankruptcy Court -- it was filed as an adversary. Let me -- I'll -- I have to strike that. I apologize, that is not the case. No, it was just filed in the District Court. You're correct.

THE COURT: So I mean in terms of setting something for an emergency hearing, are you going to try and get any relief from the District Court in the next seven days?

UNIDENTIFIED SPEAKER: I do not believe so, no.

THE COURT: All right. I'm going to Order that if you do intend to change -- you're welcome to change your mind, if you decide to change your mind, I'm going to require you and Mr. Perez jointly to get with my case manager and to schedule an emergency hearing before me prior to the date on which you schedule anything with the District Court. Fair

enough?

UNIDENTIFIED SPEAKER: Okay. Very good.

THE COURT: Okay. Thank you.

All right. What do we have next? Let me see, I've got Ms. Rosen.

MS. ROSEN: Thank you, Your Honor. I just wanted to speak up on behalf of XTO entities. This is Suki Rosen of Forshey Prostok.

I just wanted to make sure, I believe the Court said earlier that all the parties could reserve their rights if they're dealing with the Debtors on language for the Confirmation Order. And while we don't consent to the Plan, we are possibly working out language with the Debtors. I just wanted to make sure we could reserve our rights as well.

THE COURT: You do and so does everyone else who is within the range of my voice which is pretty broad right now.

MS. ROSEN: Thank you, Your Honor.

THE COURT: Thank you.

All right. Anyone else believe they have anything we should address today, otherwise we'll go ahead and adjourn till 1:30.

Mr. Carlson, if you want to use this opportunity to schedule anything with people to talk to you about the

Order, or you want to just continue to move where you're going. I'm leaving it up to you as -- do you want to talk to everybody while you have everybody here listening. Or are you just going to do it all by email?

MR. CARLSON: I'm happy to reach out by email and set up calls this evening.

THE COURT: Okay. I will see you all tomorrow at 1:30. Thank you everyone.

We're in adjournment for the day.

MR. CARLSON: Thank you.

(Hearing adjourned 4:53 p.m.)

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I certify that the foregoing is a correct transcript to the best of my ability due to the condition of the electronic sound recording of the ZOOM/telephonic proceedings in the above-entitled matter.

/S/ MARY D. HENRY

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